Austria	Sch 15	Indonesia	Rp 2500	Portugal	Esc 65
Bahrain	Din 0.650	Italy	L 1100	S. Arabia	Rls 6.00
Belgium	BFr 35	Japan	Y550	Singapore	S$4.10
Canada	C$2.50	Jordan	Fils 500	Spain	Pta 95
Cyprus	Mils 500	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 7.00	Lebanon	£L 6.00	Sweden	SKr 5.00
Egypt	E£1.00	Luxembourg	LFr 35	Switzerland	SFr 2.20
Finland	Fmk 5.50	Malaysia	Rgt 4.75	Taiwan	NT$45
France	Fr 5.50	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 160
Greece	Dr 60	Netherlands	Fl 2.25	UAE	Dh 5.50
Hong Kong	HK$12	Norway	NKr 6.00	USA	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,119 Wednesday September 14 1983 D 8523 B

Battle lines drawn for U.S. bank deregulation, Page 12

NEWS SUMMARY

GENERAL

Greece under pressure in EEC

West German Foreign Minister Hans Dietrich Genscher said that the Greek Government had unleashed a crisis of confidence in the European Community.

He said that this was not merely over its veto of the EEC attempt to condemn the Soviet Union for the shooting down of the Korean jet, but because of the use of its chairmanship of the EEC council.

If the Greek attitude did not change, European co-operation could be paralysed.

In Strasbourg, Conservative members of the European Parliament are planning a censure move against Greece.

The Parliament seems likely to authorise a 1.7bn European currency unit ($1.47bn) injection to save the Common Agricultural Policy from bankruptcy. Page 3

Nicaragua complaint

Nicaragua has complained to the UN Security Council about increased attacks from U.S.-backed rebels. Page 5

U.S. troops warning

Leading U.S. Defence Department official Fred C. Ikle warned that unless the U.S. achieved a military victory over guerrillas in Central America it could be forced to station troops there "as in Korea and West Germany." Page 5

False alarm

Dutch Parliament chamber was cleared for nearly three hours after a telephoned bomb warning. But an object found in a sack proved to be a large flask.

Zimbabwe inquiry

Zimbabwe has appointed a committee of inquiry to investigate allegations of army brutality against civilians in Matabeleland earlier this year.

Provos plan manhunt

The Provisional Irish Republican Army says it has launched a manhunt for informers who helped convict 80 of its members. Sympathisers in the U.S., Canada, Australia and New Zealand are to watch for big-spending Irishmen. Ulster's "supergrasses," Page 8

Japanese air alert

Japan sent up eight fighter aircraft after radar showed that at least five Soviet aircraft, including three supersonic bombers, flew over the Sea of Japan.

Moscow ban broken

A volunteer Air France crew flew a Boeing 727 from Paris to Moscow in defiance of a ban by the French pilots' union.

Egypt arrests four

Egypt arrested four people on charges of forming a subversive group to spy on Libyans living there.

Briefly . . .

Belgium's rail strike spread to bus, tram, and underground services.

Light aircraft crashed on hitting a pylon at Tordesillas, near Madrid, killing two.

Bombay: At least two people were killed when police fired at a crowd protesting against demolition of huts.

Portuguese jeweller has been fined 150m escudos ($1.2m) for evading purchase tax.

Israeli Premier Menahem Begin, who is in bad health, has not left his house for five days, newspapers report.

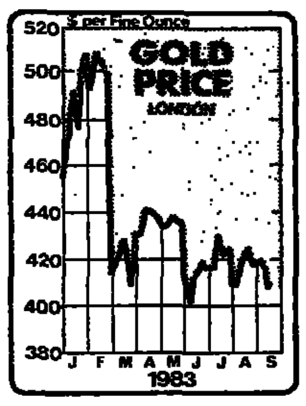
BUSINESS

London index below 700

● **FT INDUSTRIAL** Ordinary index dropped by 12.1 to 695.8 – the first time since July 19 it had fallen below 700. The FT Actuaries All-share index dropped from 451.86 to 445.3. Government Securities remained static. Report, FT Share Information Service, Pages 33-35.

● **WALL STREET:** Dow Jones index closed down 4.98 at 1234.09. Full share listings, Pages 30-32

● **TOKYO:** Nikkei Dow index fell 55.8 to 9299.33. Stock exchange index was 1.98 down at 685.65. Report, Page 29. Leading prices, other exchanges, Page 32



● **DOLLAR** rose ahead of U.S. Treasury refunding moves, to DM 2.679 (DM 2.6605), FFr 8.085 (FFr 8.0125), SwFr 2.1775 (SwFr 2.163) and Y243.9 (Y243.4). Its Bank of England trade-weighted index rose from 128.3 to 128.8. In New York the dollar closed at DM 2.682; SwFr 2.18; FFr 8.0675 and Y243.95. Page 39

● **STERLING** fell 85 points to $1.494 and to Y365 (Y366), but improved to DM 4.005 (DM 4), FFr 12.075 (FFr 12.035) and SwFr 3.255 (SwFr 3.2525). Its trade weighting fell from 84.9 to 84.7. In New York sterling closed at $1.491. Page 39

● **GOLD** fell $7.5 in London to $406.875. In Frankfurt it fell $9.25 to $408.75, and in Zurich it dropped $10, to $407.5. In New York the Comex September settlement was $407.1 ($405.3). Page 38.

● **AUSTRALIA** is expected to lift its wage freeze next week. Page 4

● **SPAIN** plans to hold wage increases over the next two years below the inflation rate. Page 2

● **MOROCCAN** Finance Minister Abdellatif Jouahri left for talks in London and Bonn on his country's $11bn debts.

● **ARGENTINA** has asked foreign creditors for a 30-day extension of a waiver on $300m repayments due tomorrow. Page 20

COMPANIES

● **SWEDISH** institutions are seeking a shareholders' meeting of Sandvik, the special steels group and one of the country's top 15 companies, to remove the board, after currency speculation losses of SKr 218m ($27.5m). Page 20

● **R. H. MACY,** the U.S. store group, reported a 38 per cent increase in net profits for the year ended July at $186.7m. Page 21

● **HEWLETT-PACKARD,** the U.S. electronics group, is buying control of its Japanese affiliate Yokogawa-Hewlett-Packard in a deal said to be worth more than $30m. Page 21.

● **BRITISH AEROSPACE,** aircraft and weapons manufacturer, reported a first-half taxable surplus 2 per cent down at £36.5m ($54.5m) Lex, Page 20. Details, Page 24

● **LLOYD'S** outgoing chairman Sir Peter Green, the leading underwriter of London's international insurance market, told members that millions of pounds of their funds lodged offshore will be used to meet coming trading losses. **Page 20**

Paris wants EEC tariff wall for high-tech industry

BY DAVID HOUSEGO IN PARIS

France has proposed a significant increase in external European Community tariffs to protect new, high-technology, European industries against competition from Japanese and U.S. concerns.

The French ideas were put to the EEC Council of Ministers on Monday by M André Chandernagor, the minister responsible for European affairs.

They are seen in Paris as one element in an important French initiative towards pan-European collaboration in industry and research, to help make up the ground lost to the Americans and Japanese in high technology and other growth industries such as micro electronics, telecommunications and new forms of energy production.

The French programme includes recommendations for a tougher common external policy and the opening up of national public purchasing to bidding by other European companies.

It also calls for greater standardisation of industrial norms within Europe; encouragement for mergers among leading European concerns to strengthen their competitive power; the pooling of research efforts; and more financial backing for high technology sectors from EEC institutions.

The programme stems from a detailed study inside the French administration. It is the main plank in France's bid to influence discussion within the EEC on reform of the budget and Community institutions.

The French intend to press for their programme when they take over the EEC presidency next year, with other proposals *for closer economic and monetary co-operation.*

The programme is an extension of the ambitious proposals for industrial restructuring on a European scale that the French Socialists first put forward shortly after *coming to power.*

The document gives few examples of the projects the French have in mind but it points to successful co-operation to date over Airbus Industrie, the Ariane space programme and the European nuclear research centre CERN.

President François Mitterrand, visiting CERN yesterday, declared that Europe must not "miss out on the third industrial revolution."

The French proposals are also accompanied by suggestions for a concerted European investment programme. An important aspect of this for President Mitterrand's administration is that it would like a European economic recovery to accompany the expected stimulus to the French economy in 1985-86 in time for the 1986 legislative elections.

The French propose among other things:

● A larger and more co-ordinated common research effort. That might include shared research projects in integrated circuits, telecom-

Continued on Page 20

Finance ministers more hopeful, Page 3

UK acts on oil tax after BP sale proposal

By Ray Dafter in London

MR NIGEL LAWSON, UK Chancellor of the Exchequer, yesterday threw up a barrier in the path of British Petroleum's (BP) proposed £260m ($388m) sale of North Sea Forties field assets.

He moved quickly to close a tax loophole which BP was hoping to exploit. The sale – involving 12.5 per cent of BP's interest in Forties – will still go ahead but it is likely to attract fewer buyers. Following the Chancellor's action the Inland Revenue is expected to receive well over £100m in petroleum revenue tax (PRT) which it could have lost under the original BP proposals.

Mr Lawson has stepped in to prevent companies using tax credits gained from the expenditure on past exploration and appraisal drilling against production revenue in the Forties field. He said that the impact on oil tax revenues would be "extremely costly" if the tactic was applied widely in the North Sea. It was estimated that the industry had amassed about £1.2bn in unrelieved expenditure which could have been offset against tax in deals like the one originally proposed by BP.

Changes in petroleum revenue tax regulations are to be introduced in next spring's Finance Bill, although they will affect all changes in oil field ownership as from today. Companies will still be able to use tax credits obtained from present and future drilling activities to offset their tax bills, however.

Mr Lawson's announcement is the latest in an extraordinary series of events. BP surprised the oil industry by revealing a week ago that it planned to sell 12 per cent of the highly-taxed Forties field (12.5 per cent of its own stake). Under the original scheme, BP proposed to sell 10 per cent of Forties in small units each representing 0.25 per cent of the field's assets at a minimum tender price of £5.25m. BP has also been negotiating with two un-named companies for the sale of the other 2 per cent interest.

The move, which had been discussed in Whitehall, also fell foul of ministers partly because of the implications for tax revenue and partly because it introduced a new system of changing ownerships in North Sea oil fields. The Government was also upset by the method and timing of the announcement,

Continued on Page 20

UK oil demand falls, Page 7; Brazil's oil search, Page 11

U.S. prepared to defend Beirut forces

BY PATRICK COCKBURN IN BEIRUT, REGINALD DALE IN WASHINGTON AND LOUIS FARES IN DAMASCUS

INTERNATIONAL involvement in the Lebanese crisis appeared to be deepening yesterday as the United States approved the use of air strikes in addition to naval gunfire if needed to defend the multinational peacekeeping forces in Beirut.

The approval came as Saudi Arabian efforts to mediate in the fighting made little headway and Syria warned that it would oppose further military involvement in Lebanon. Heavy fighting was continuing last night.

The White House insisted that there had been no change in the operating orders under which the Marines are allowed to respond to attack – all kinds of defensive fire are available. Mr Reagan has, on several occasions in the past week or so, pledged that the marines will defend themselves with all resources at their command.

Washington's explanation, however, seemed to give the U.S. forces greater scope to use air and naval shellfire to defend not only themselves but other contingents in the multinational force – as well as the Lebanese army.

"If the marines are in danger because the Lebanese army is in difficulty, the marines are authorised to defend themselves," Mr Larry Speakes, the White House spokesman said. His statement seemed to imply that marines could respond to fire directed at a neighbouring Lebanese army unit.

The White House clarification came as members of Congress, which reconvened in Washington on Monday, showed growing anxiety that U.S. forces would be drawn further into the conflict. There were some fears in Washington that the marines could increasingly be seen as supporting the Lebanese Government, rather than indulging in a neutral peace-keeping role.

In a move which reflected the growing concern of member nations of the multinational force, Mr Richard Luce, the UK Foreign Office Minister responsible for Middle East policy, flew to the embattled city to start a fact-finding tour.

Mr Luce will visit the 96-strong British contingent in the peace-keeping force and hold talks with Lebanese ministers. But officials in London said Mr Luce's brief did not include discussions of the size or

Continued on Page 20

New PLO role, Page 4; Syria seizes its chance, Page 19

China and U.S. close to $25bn nuclear treaty

BY MARK BAKER IN PEKING

CHINA and the U.S. are close to agreement on a bilateral nuclear co-operation treaty that would enable American companies to compete for energy contracts worth an estimated $25bn.

A delegation headed by the U.S. special ambassador for nuclear affairs, Mr Richard Kennedy, is due in Peking on Sunday to continue negotiations.

China, which last week applied to join the International Atomic Energy Agency (IAEA), appears ready to accept U.S. safeguards and inspection conditions in return for advanced nuclear technology.

"There is already good mutual understanding. We have come a long way down the road to agreement," a U.S. diplomatic source said.

China plans to build eight nuclear power stations by the year 2000. An official U.S. study has estimated that American companies stand to win contracts worth as much as $25bn supplying the nuclear energy programme.

The U.S. Nuclear Non-Proliferation Act prevents U.S. companies from bidding for the Chinese contracts until agreement has been reached between the two governments. Such agreements are designed, in part, to stop buyers of U.S. technology selling to third countries for military purposes.

The U.S. Government now appears to be accepting the reality that China, which exploded its first nuclear device in 1964, is already a major nuclear power.

The negotiations are believed to be concentrating on general provisions for safe handling of materials, rather than the risks of China "on-passing" technologies, as the country already has the ability to trade its own highly sophisticated technology.

"If a guy already has a Maserati, giving him a Jeep is nothing," the U.S. source said.

China is believed to want U.S. co-operation in the energy programme as an alternative source for supplying a large quantity of advanced equipment quickly.

The U.S. source said the treaty would acknowledge China's unique status among the five nations with nuclear weapons: "It is a nation friendly to the U.S., not the same as Britain and France, who are allies, nor the Soviet Union, which is neither friendly nor an ally."

But he said the treaty was not a "commercial negotiation," and the U.S. would not be sacrificing its overall non-proliferation interests.

Canada's nuclear problems, Page 5

LancerBoss takes over Steinbock

BY PETER BRUCE IN LONDON

THE SPECIALIST UK fork lift truck manufacturer LancerBoss has taken over West Germany's third largest lift truck producer, Steinbock, for about DM 10m ($3.75m). The deal was struck after Steinbock's creditor banks agreed to write-off loans worth DM 55m.

Mr Neville Bowman-Shaw, chairman of LancerBoss, which ranks second in Britain to Lansing Bagnall, said yesterday the Bavarian Government had also put up a "symbolic" amount of money in grant to signal its backing for the package. Steinbock manufactures in two plants, both in Bavaria.

The combined sales of LancerBoss and Steinbock, about DM 304m last year, places the new group among the 10 major producers in the world.

The deal represents the culmination of a two-year search by LancerBoss for a partner, preferably one with a range of small lift trucks to complement its large products, which are used chiefly in container handling.

Mr Bowman-Shaw said LancerBoss would "follow to the letter" a plan in hand before the takeover to cut Steinbock's workforce from 1,100 to 840. Also, the smaller of the two Steinbock plants in Bavaria would be closed and production of Steinbock's larger trucks would be transferred to Leighton Buzzard in England, where LancerBoss is based.

Agreement by the German banks to write off Steinbock's loans had been critical, Mr Bowman-Shaw said. The company's capital could now be restructured with its gearing of 300 per cent cut by two thirds.

Boom for Swedish car makers, Page 6; LancerBoss news analysis, Page 8

Volkswagen expects to raise output at U.S. plant by 10%

BY KENNETH GOODING IN FRANKFURT

VOLKSWAGEN expects to increase car output at its U.S. plant this year by 10 per cent from 92,000 to 102,000.

Sales of U.S.-built VW cars, however, will not match the 1982 total because some of this year's output will replenish stocks, according to Volkswagen's sales director, Dr Werner Schmidt.

Sales of imported VW and Audi cars should more than make up for the downturn in locally produced models, and the group expects total U.S. registrations at the end of 1983 to show an increase of about 15 per cent on last year's 202,000.

Output at VW's Westmoreland, Pennsylvania, plant plummeted by 55 per cent in 1981 as the U.S. market turned away from the diesel cars on which the group relied heavily for sales. Talks have taken place with the U.S. group Chrysler about the possibility of sharing Westmoreland capacity, but VW confirmed yesterday that these had ended.

Westmoreland is now producing 450 cars a day and stock levels are "too low," according to Dr Carl Hahn, VW's chairman.

In the first eight months of this year VW-Audi sold 142,400 cars in the U.S., about the same as in the January-August period of 1982.

The group's car sales worldwide are forecast to match last year's 2.1m, said Dr Schmidt. Increases in the U.S. and West Germany will be offset by a slight fall in sales in the rest of Europe and by a major fall in Mexico.

In addition, although group registrations in Brazil in the first seven months rose 14.6 per cent to 170,000, that progress might not be maintained.

Dr Hahn said that Brazil's industries must expect to face difficulties in the next two years as the Government attempts to solve the country's economic problems.

In response, VW has boosted its export effort and in the first seven months of this year exported 60 per cent more cars and light commercial vehicles from Brazil

VW forecast that the West German market would reach a total of 2.4m cars this year, a rise of 10 per cent. But Dr Hahn insisted that this could not be described as a boom, only a reaction to pent-up demand. It would also be below the peak 2.66m of 1978.

In the first eight months of 1983 VW and Audi delivered 516,000 vehicles in Germany, up 8.3 per cent. Sales to the rest of Europe at 419,000 were slightly below those for the same period a year ago. The group sold 1.45m vehicles worldwide in the first eight months.

VW's joint ventures with Nissan of Japan and Seat in Spain are both progressing smoothly, Dr Schmidt said. In Japan Nissan would produce the first Santanas at the end of this year, for sale early in 1984.

In Spain VW expects to sell 8,000-10,000 imported cars in 1983 through the 600 Seat dealers who have, so far, been signed up. Assembly of the Passat begins at the end of this year and Polo/Derby production is scheduled for a year later.

CONTENTS

Andriana Ierodiaconou explains the significance of the agreement on military bases in Greece

U.S. tries to keep fractious allies apart, but together

"THE EASTERN Mediterranean is a region we must and do care about. It is also an area of frustration," Mr Richard Burt, U.S. Undersecretary for European Affairs, said last month.

Some of that frustration was eased last week with the signing of an agreement between Washington and the Socialist Government of Mr Andreas Papandreou in Athens to extend for at least five years the operation of the four military bases which the U.S. has maintained in Greece since 1953.

The negotiations over the bases underscored the long-term strategic and political quandary in which the U.S. finds itself in the Eastern Mediterranean, where, for almost 20 years it has been the uncomfortable "superpower in the middle" between its two quarreling regional allies, Greece and Turkey.

Both countries remain dependent on the U.S. for defence aid. Athens and Ankara are locked in a fierce race for American arms, and military credit. Greece is expected hurriedly to match last week's purchase by Turkey of 160 U.S.-made F-16 aircraft with a purchase of about 100 aircraft of the same type. It will pay for the aircraft with the help of the $500m in U.S. military aid for this year secured with the signing of the bases agreement.

The ink was hardly dry on the bases agreement with Greece before Ankara was signalling its displeasure to the Americans over reports that the text included a commitment by Washington to maintain the balance of military power between Greece and Turkey.

Just as characteristically, Washington had not fully satisfied the Greeks either. Athens feels that U.S. favouritism for Turkey was to blame for the fact that the Americans could not be persuaded to commit themselves to maintaining the 7:10 economic and military aid ratio for Greece and Turkey which the U.S. has informally kept since the late 1970s.

The present Greek Government blames the U.S. for its support of the 1967-74 colonels' junta, and for what many believe to have been its direct encouragement of the 1974 coup in Cyprus and the subsequent Turkish invasion. It is also convinced that since the loss of Iran and Aghanistan, Turkey is seen by Washington as the more important of the two allies.

The Turks, for their part cite with bitterness the arms embargo imposed on Ankara by the U.S. in the wake of the Cyprus crisis. Despite U.S. support for the military regime in Ankara, they feel that an American tilt towards Greece is the inevitable consequence of the large Greek-American community in the U.S. and the effective Greek lobby in Congress.

Washington has tried to avoid coming down on either the Greek or the Turkish side.

There are fundamental strategic reasons for the U.S. attitude, highlighted by the tough battle fought to preserve Washington's rights over the military bases in Greece.

During the negotiations, the argument was often heard that these bases were expendable, their functions transferable to satellites or to locations in other Nato countries such as Italy or Turkey.

Privately U.S. diplomats concede that moving the bases to Turkey or to Italy would be a costly and physically elaborate exercise which the U.S. is anxious to avoid, requiring the duplication of natural harbour facilities such as those available to the U.S. Sixth Fleet on the island of Crete. Satellites are vulnerable to attack and to weather conditions, they say.

The U.S. maintains four major bases and several ancillary installations in Greece. The most important base is at Souda Bay on the island of Crete, half way between the Greek mainland and the Libyan coast. The Souda Bay complex provides natural anchorage and port facilities for the Sixth Fleet as well as an airstrip, and houses ammunition, including, according to some reports, nuclear deep-sea charges, for both U.S. and Nato naval forces. It is linked to the nearby Nato Namfi missile firing range.

The next most important base is at Nea Makri, north of Athens, which is part of the U.S. global communications system, controlling nuclear submarines in the Mediterranean. It also acts as a back-up command post for the Indian Ocean and a main link for U.S. diplomatic communications.

An airbase at Hellenikon, east of Athens, is a centre for surveillance and reconnaissance missions in the Middle East as well as the northern Warsaw Pact area. Heraklion airbase, on Crete, is used for monitoring Soviet activity in the eastern Mediterranean.

Military experts agree that the Greek bases form an integral strategic unit with those in Turkey, which would break down if either country were neutralised as a Western ally. While the bases in Turkey are used passively for intelligence-gathering and deterrence, those in Greece provide active direct operational support for the Sixth Fleet.

A report to the U.S. Senate Foreign Relations Committee argues that the Crete bases, which are the most difficult to replace, are also essential to support the defence of Turkey, where jointly operated American bases are geared towards identifying and countering any Soviet attack on the vital Dardanelles Straits from the north.

"It is the Nato capability that is derived from the interrelationship between these bases ... that is more important to the U.S. and Nato than any individual base in either country," the report concludes.

American officials stress the need to try to mend fences between the Greeks and the Turks, although they admit that the chances of success are slim.

On the Greek side Mr Papandreou's 1981 election victory has made things worse. His radical image in opposition has forced him to guard against any softening of his anti-U.S. attitude, lest he lose face before his electorate.

Mr Papandreou has shown little interest in American and Nato suggestions that he should start talks with Turkey and negotiations between officials of the two countries are so far limited to minor economic and tourism issues.

Mr Papandreou has also been reluctant to endorse the recent Washington-backed initiative by Mr Javier Perez de Cuellar, the UN Secretary-General, for a Cyprus settlement—the most obvious route to the easing of Greco-Turkish tension.

Asked what the U.S. would do if Greece and Turkey were ever to clash again, most U.S. diplomats sigh and look pained. "Well, we'll try and stop them, I guess," one said. "Got any better ideas?"

Spain plans to hold pay below inflation rate

BY TOM BURNS IN MADRID

SPAIN'S Socialist Government intends to hold down wages below the expected inflation rate over the next two years. It is also committed to introducing short-term contracts in response to long-standing business complaints over present rigid employment legislation.

Details of the Government's plans were disclosed at a series of separate meetings between the Ministers of the Economy, Employment, and Industry, and leaders of unions and employers' associations yesterday and on Monday.

Sr Miguel Boyer, Economy Minister, claimed the proposed wage restraints would be a major factor in the creation of 640,000 jobs by 1986.

In a clear bid to meet labour dissatisfaction over the restraints and the short-term contracts, Sr Boyer allegedly agreed to consider doubling budget allocations for unemployment benefits and to increase minimum pensions to three points above the inflation rate, during his meeting with the Socialist trade union, the Union General de Trabajadores (UGT).

The Communist-led trade union, Comisiones Obreras, which met with the Government *economic team* yesterday, sharply criticised the proposals, terming them a "brusque stabilisation plan," and accused the Government of reneging on promises to negotiate with unions a broad four-year economic recovery programme.

Sr Boyer expects an 8 per cent inflation rate in 1984—against a targeted 12 per cent this year—and intends to hold down salary increases to 6.5 per cent.

In 1985, the Economy Minister said, wage rises would be half a point below the inflation rate. The Government intended there to be parity between salary increases and the cost of living index in 1986, the last year of the Socialist mandate, he added.

At the meetings, Sr Joaquin Almunia, Employment Minister, argued that an alteration to the present fixed employment legislation was, in addition to the wage restraint policy, essential to the overall Government plan to reduce unemployment.

Increased lay-off benefits and pensions, as well as the undertakings on jobs, are the visible sweeteners that the Government could introduce in its budget when it is presented to Parliament at the end of this month.

The UGT leadership is wary of the rival Comisiones Obreras capitalising on the austerity measures.

The Government intention to create 640,000 jobs by 1986, of which 185,000 would be created by next year, falls short of a key Socialist electoral campaign promise to expand the labour market with 800,000 jobs by the end of its mandate.

The present undertaking would reduce the current unemployment rate of 17.5 per cent to 13.7 over the next three years. Economy Ministry officials said a marked economic improvement would, however, allow the Government to meet its 800,000 job campaign pledge.

Capacity of Setenave shipyard to be reduced

BY DIANA SMITH IN LISBON

THE CAPACITY of Portugal's financially - crippled Setenave shipyard will be reduced. The yard, whose accumulated losses exceed $100m (£66m) is the first casualty in the campaign by the Government of Sr Mario Soares to cut support to public-sector lame ducks.

The Soares Cabinet decision, published in the official gazette this week, calls for gradual reduction in capacity, retaining enough, however, to allow Setenave at some future date to refurbish Portugal's merchant fleet.

The yard employs more than 6,000 workers, most of whom have not been productively employed for years due to the world shipping crisis and Setenave's reputation for constant labour troubles which discouraged possible clients.

Redundancies at Setenave are likely to begin within a month. Workers who lose their jobs will be covered by the national Unemployment Fund, the Government stresses.

Meanwhile, Setenave's management may not accept any orders without prior authorisation from the Government. At the moment, the yard is completing three grain carriers for the national shipping company CNN (Companhia Nacional de Navegacao), itself suffering from financial difficulties.

Setenave was founded in 1972 when it seemed that the supertankers for which it was geared were the vessels of the future. Nationalised in the 1975 Revolution, the yard became a hive of left-wing militancy.

The orders lost then were never recouped. Nevertheless, jobs in the yard were sustained by resources from the unemployment fund, and the yard was kept alive by huge loans from nationalised banks and Government subsidies.

Norwegian Conservatives hit by local poll setback

BY FAY GJESTER IN OSLO

NORWAY'S Conservative Party, dominant partner in the ruling three-party coalition, suffered an unexpectedly sharp setback in local elections on Sunday and Monday.

It lost support both to Labour, the largest opposition party, and to the small far-right Progress Party.

The latter did even better than polls had predicted, winning 6.3 per cent of the vote.

This was a gain of 3.8 percentage points on the previous local elections four years ago and 1.8 percentage points better than in the September 1981 General Election.

The Labour and Conservative Parties secured 39.3 per cent and 26.1 per cent respectively. For Labour, this was an encouraging gain. It compared with 37.3 per cent in 1981, and 36.1 per cent in 1979.

For the Conservatives, led by Prime Minister Kaare Willoch, it was a mortifying drop from 31.6 per cent in the 1981 General Election, and from 29.7 per cent in the 1979 local elections. It was also well below most opinion survey forecasts, which had predicted a 30-31 per cent Conservative poll. Voter turnout, at only 67.6 per cent, was the lowest since World War II.

The economic recession, which began to bite in Norway just about the time that the Conservatives came to power two years ago, is at least partly to blame for the party's poor showing.

It has led to a leftward swing by working-class voters worried by rising unemployment and public spending curbs which they see as a threat to the welfare state.

At the other end of the political spectrum, middle- and upper-income groups, who had hoped for generous tax concessions and hefty public spending cuts under a Conservative administration, have been disappointed by the Government's relatively tame performance on both scores.

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EUROPEAN NEWS

Finance Ministers more hopeful on world recovery

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

FINANCE MINISTERS and their officials from the major industrial countries have become significantly more optimistic since the summer about the prospects for recovery of the world economy.

Their change of mood has resulted from a number of formal and informal discussions, the latest of which was at the EEC Finance Ministers meeting at the Greek island of Kefalinia this weekend. Ministers have been encouraged by more optimistic forecasts now being made privately at the Organisation for Economic Co-operation and Development in Paris.

In its latest published forecast in July, the OECD predicted that world output would rise by 3½ per cent next year compared with this. However, it put the annual growth rate for Europe at only ½ per cent for 1983 and 1½ per cent for next year.

A consensus is now emerging among government economists in Europe that growth is year will be half a somewhat higher than the OECD predicted.

Although these revisions appear small, they represent an important new emphasis in view of the feebleness of European recovery in the early part of the year and fears that weak growth might be snuffed out again next year.

Now ministers appear confident that the European economy will follow the U.S. and Japan into a recovery phase next year, though at a rather halting pace.

Even small shadings of opinion about the course of world recovery are likely to be important in the discussions about world debt problems at the International Monetary Fund's annual meeting in Washington at the end of the month.

West LB sees modest growth

BY OUR BONN CORRESPONDENT

THE West German economy will probably show only a modest rate of growth over the next four years, but inflation will be low and the current account will stay in healthy surplus.

This is the mildly encouraging projection given yesterday by Westdeutsche Landesbank (West LB) in its latest survey of economic prospects in the West to 1987.

On balance, West Germany emerges better from the survey than most of its rivals in the Organisation for Economic Co-operation and Development (OECD) area—but some big problems and questions remain.

West LB believes the German economy will grow in real terms (after allowing for inflation) next year by up to 2.5 per cent and by an average of 2.5 per cent to 3 per cent between 1985-87. The bank's *estimates show this rate would* be exceeded only by the U.S. and Japan.

The German inflation rate (shown by consumer prices) is likely to be 2.5 per cent next year and 3.5 per cent in 1985-87. Only Japan, Switzerland and Holland are shown as coming close to matching these figures.

West LB estimates that the German current account will be $4bn in surplus next year (after $5bn this year) and will be, on average, $2.5bn in the black between 1985 and 1987.

The bank acknowledges that projections over so long a period are bound to be somewhat uncertain, and the questionmarks are particularly heavy over the future course of international interest rates.

Bonn's petrol plan under fire

BY JOHN DAVIES IN FRANKFURT

CAR MANUFACTURERS in West Germany are mounting a growing campaign to persuade the government to amend its plan to require the use of lead-free petrol and catalytic converters as an anti-pollution measure from 1986.

The chief executives of BMW and Volkswagen yesterday joined in a crescendo of criticism of the Government's plan at separate press conferences on the eve of the International Motor Show in Frankfurt.

Herr Eberhard von Kuenheim of BMW questioned whether catalytic converters were the best way to reduce pollution from car exhaust fumes, in view of the many problems and costs involved.

Dr Carl Hahn of Volkswagen said he believed there were ways to reduce exhaust pollution and simultaneously cut petrol consumption, while the Government's plan would lead to more petrol usage.

Car makers and the oil industry are due to have talks with Government representatives soon to discuss how to implement the plan.

The Cabinet in July accepted a surprise recommendation from Herr Friedrich Zimmermann, the Interior Minister, that West Germany should force the pace in cleaning up the air in Europe.

The Government decided that no new cars would be registered in West Germany after January 1, 1986, unless they were equipped with a catalytic converter to reduce pollution.

● West German car production is continuing to recover, but output and export of trucks is suffering a severe setback.

Taking the holiday months of July and August together, car output reached 460,100, up 2 per cent on a year ago.

Truck production—which has been particularly hit by a drop in foreign orders for large vehicles—sank to 38,600 in July-August, 3 per cent below the already depressed level BMW diesel engines; Ford automatic transmissions. Page 6

W. Germans show deep rooted love of forests

By Jonathan Carr in Bonn

WEST GERMANS are more worried about the creeping death of their forests than they are about the arms race. They would even pay a special levy to save the trees they love.

On the face of it, these results of a new opinion poll may look surprising, with thousands of Germans out demonstrating against nuclear missiles and incomes generally pretty tight.

But the poll, by the respected Allensbach institute, merely confirms what generations of poets and artists have recognised. For the Germans, forests are a national symbol (*challenged in modern times, perhaps, only by the fast car*).

According to Allensbach, no less than 99 per cent of Germans older than 16 have heard about the dying trees, and more than half have noticed worrying signs in their neighbourhood.

Asked what problems particularly worried them, more than 90 per cent mentioned unemployment. But 74 per cent were concerned about the forests, 4 per cent more than *those worried about the* arms race. More than 60 per cent, the survey found, would pay a levy to finance a save-the-trees programme.

Poland wants share of church farm aid

POLAND would like to see funds from a controversial scheme channelling Western church aid to private farmers spent on capital investment in state-run agriculturally-related industries, Christopher Bobinski reports.

Mr Stanislaw Zieba, Agriculture Minister, yesterday suggested some of the fund might be spent on pesticide factories, tyre plants and the animal feed industry. He denied the idea had been put as a condition for official agreement.

Under the plan—given an official go-ahead in principle —Western churches hope to raise DM 5bn (£1.25bn), to sell machinery, seed and pesticides to Poland's private farmers who farm 75 per cent of the land.

Genscher attacks Greek handling of EEC issues

BY OUR BONN CORRESPONDENT

THE West German Foreign Minister, Herr Hans Dietrich Genscher, has criticised Greece in unusually bitter terms, saying the Athens government has unleashed a "crisis of confidence" in the European Community.

In a radio interview yesterday, Herr Genscher made clear his criticism applied to Greece's chairmanship of the EEC council in general, not simply to its controversial stand over the downed Korean airliner.

If the Greek attitude did not change, Herr Genscher said European foreign policy co-operation would be paralysed and efforts to reform EEC finances and agriculture could be threatened too.

Herr Genscher, who normally favours wrapping up his dissatisfaction in more diplomatic phraseology, is known to be especially annoyed by Greece's efforts to win EEC support for shelving the NATO timetable for missiles deployment.

● Mr Yoannis Charalambopoulos, the Greek Foreign Minister, was defiant and unbowed yesterday in the face of attacks in the European Parliament against the Greek Government's neutral stand over the shooting down of the South Korean airliner, writes John Wyles.

Greece's refusal to allow Community Foreign Ministers to issue a joint condemnation of the Soviet Union on Monday appears to have outraged a good many MEP's who look likely to pass an emergency resolution critical of Greece, tabled by some British Conservatives.

CAP likely to get extra funds

BY JOHN WYLES IN STRASBOURG

THE EUROPEAN Parliament looks likely to authorise a 1.7bn European currency unit (£984m) cash injection for the Common Agricultural Policy by the end of October—just in time to save the CAP from bankruptcy.

Predictions that Parliament would approve a supplementary budget for the community around October 28-29 were being offered yesterday by leaders of its key budget committee. According to some members, the Parliament's vunerability to pressure from the EEC's powerful agricultural lobbies is beginning to assure a clear majority for the extra funds.

But in a bid to gain the maximum political advantage from the cash crisis overhanging the CAP, parliamentary strategists do not want to hurry the passage of the supplementary budget, through the first of the Parliamentary's plenary sessions in October, beginning on October 10.

Mr Christopher Tugendhat, the European Commissioner for Budgetary Affairs, warned the committee yesterday that if the extra cash was not available, before October 20 the Commission would only be able on that day to advance to member states half the current ECU 1.4bn monthly cost of the CAP.

The timetable envisaged by the budget committee virtually ensures that only a half payment will be made. However, passage of the supplementary budget by the end of October should enable the Commission to pay the other half, of the monthly advance, in time to avoid any serious disruption of CAP operations.

Approval of the budget should also enable the UK to gain the extra £171.6m, which it contains as an additional rebate on Britain's payments to the EEC budget in 1982.

French official shot dead in Corsica

BY PAUL BETTS IN PARIS

A SENIOR local government official was shot dead in Corsica yesterday in one of the most serious acts of violence since the separatist Corsican National Liberation Front (FLNC) was outlawed by the Mitterrand administration at the beginning of this year.

M Pierre Massimi, 36, a Parisian who was appointed one of the island's most important local officials last April, was murdered as he was returning home from his office in Bastia, the island's northern port town and traditional hotbed of autonomist violence. The M Massimi was the secretary-general of the council of northern Corsica. Although no group immediately claimed responsibility for the shooting, his murder was widely regarded as another act of terrorist violence in the troubled Mediterranean island.

The French Government has sought to crack down on autonomist violence in Corsica this year, first by outlawing the FLNC and then by sending Commissaire Robert Broussard, one of France's best-known policemen, to organise a campaign to try to put an end to the island's political and criminal violence.

Work on 'atom tunnel' starts

By Anthony McDermott in Geneva

THE PRESIDENTS of Switzerland and France yesterday inaugurated construction work on a 27-kilometre circular tunnel which will be a key part of the "atom - smashing" research programme of the European Council for Nuclear Research (CERN). CERN has its headquarters at Meyrin, just outside Geneva.

Five-sixths of the tunnel, known technically as LEP (large electron positron collider) will be under France in the Gex region. It will be operational by the end of 1988. The project, costing SwFr 950m (£290m), has been awarded to a large number of European, U.S., Canadian and Japanese companies.

Belgium faces public service strike

A NEAR nation-wide Belgian railstrike spread to the postal service and Brussel's public transit system yesterday, as Belgium braced itself for a strike tomorrow by 900,000 public service employees angry about planned cuts in benefits and wages.

The streets of Brussels were jammed with traffic and the work rail strike made many late for work. There was only very limited subway service in Brussels and no buses and trams.

Only a few trains operated in Flanders, Belgium's Dutch-speaking northern half, officials reported.

Post office employees joined the rain and transit workers yesterday afternoon and said they would stay off work until at least Friday evening.

Union officials said planned budget cutting measures by the Government will cost Government workers the equivalent of $188m next year in cuts in salary, lower vacation and year-end bonuses, and higher social security contributions.

Mr Willy De Clerq, Finance Minister, said the austerity measures will yield savings in the public service sector of $158m. He added that the Government will not back down in its efforts to improve Belgium's precarious financial situation.

The strike by rail workers has thrown international and national train service in disarray. Trains between Amsterdam and Paris were rerouted through West Germany and Luxembourg.
AP

Geneva probes Gelli escape

THE GENEVA City Council has formed a special commission to investigate the disappearance from a local prison of Sig Licio Gelli, a key figure in the Italian "P2" political and financial scandal.

Sig Gelli, the elusive former Grandmaster of the secret P-2 masonic lodge, fled effortlessly from Geneva's Champ-Dollon jail on August 10, hidden in a small delivery van.
AP

FIGHTING IN LEBANON

New role for PLO prompts Israel row

BY DAVID LENNON IN TEL AVIV

THE GROWING concern in Israel over the role of the Palestine Liberation Organisation in the current round of fighting in Lebanon has led to a sharp row within the Israeli Cabinet between Prof Moshe Arens, the Defence Minister, and his predecessor, Gen Ariel Sharon.

Israel appears to be somewhat taken aback by the active participation of more than 1,000 Palestinian guerrillas in the fighting in the Chouf Mountains near Beirut. Israel invaded Lebanon 15 months ago to drive the PLO out of Lebanon, and is now dismayed to see the guerrillas returning to the areas the Israeli army evacuated just over a week ago.

The sternest critic of Israel's current policy in Lebanon is *Gen Sharon, the man behind* the Israeli invasion. Though forced to give up the defence portfolio by the criticism of his actions in the reports of the Israeli Inquiry into the Sabra and Chatilla massacres, he remains in the Cabinet as a Minister without portfolio.

In an undisclaimed broadside, he accused Prof Arens, of being responsible for incorrect policies which have allowed the PLO to return to Beirut, and enhance the standing of Syria.

"When I left office seven months ago the PLO had been ousted from Beirut, their infrastructure had been smashed, Galilee had been saved. The Syrians and the PLO had been driven from the Chouf," Gen Sharon declared at a public meeting. "Now, when I am no longer at the centre of decision making, the Syrians and PLO and the Druze who collaborate with them are returning to places from which they were ousted . . .

"*Those who brought this* about are those who failed to disclose to the Cabinet what they were doing in Lebanon . . ."

This was a clear reference to Prof Arens. On Sunday the two men crossed swords at the weekly Cabinet meeting, with Prof Arens blaming Gen Sharon for the "original sin" of enabling the Christian Phalange forces to enter the Chouf.

The battle between these *two leading members of the* Herut Party is likely to make the task of running a new Government quite problematic for Mr Yitzhak Shamir, the Foreign Minister.

Prof. Arens . . . attacked by Gen Sharon

Reagan walks tightrope on use of Marines

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

IT NOW seems an inordinately long time ago that Reagan Administration officials could be heard confidently suggesting that the U.S. Marines in Beirut would be "home by Christmas"—last Christmas, that was.

The last few days have seen the Marines drawn ever more closely in the frustrating conflict, take their first combat casualties and receive major new offshore reinforcements.

Following a top-level White House meeting at the weekend, the Marines have now been told that they can call in air strikes from U.S. carrier-based aircraft, as well as use the long-range guns of the U.S. warships off the Lebanese coast to defend themselves "without limit" from shelling.

In addition to the 1,200 Marines already on shore, and 600 in support at sea, a further 2,000 have now arrived from the Indian Ocean. The refurbished World War II battleship, the New Jersey, with 16 inch guns, has passed through the Panama Canal reportedly en route for the Mediterranean to provide further fire power. The Syrians, who the Administration regard as heavily responsible for the latest fighting, have been clearly warned that the fire power is there to be used.

And yet it is as unclear as ever where this is all going to lead, either on the ground in Lebanon or back on Mr Reagan's home turf in Washington.

Politically, Mr Reagan is walking a narrow tightrope. He wants to secure public backing for the Marines' efforts as part of his wider aim of seeking a Lebanese and ultimately a Middle Eastern settlement. But he does not want to hand control over the operation to Congress in the process.

Mr Reagan fears that a major Congressional debate on the issue would "send the wrong signal" to the Syrians.

If the Marines were to leave, the future of the entire multinational force would obviously be in question—the French, for instance have taken considerably more casualties than the Marines. Besides, Mr Reagan does not want to suggest that U.S. forces can be counted on to withdraw from crisis areas at the first whiff of grapeshot. He wants the deployment of U.S. military forces around the world to be taken seriously—not least in Central America.

The fact remains, however, that U.S. public opinion is highly sensitive to the sight of flag-draped American coffins being brought home on the nightly television news. During their five-week recess that ended on Monday, many Congressmen detected a fairly widespread, though not overwhelming feeling at the grass roots that the Marines should be pulled out.

There is probably not a majority in Congress for withdrawal, but there may well be a majority for exerting some Congressional authority over the exercise. Congress has the constitutional right to declare war.

That is where the 1973 War Powers Resolution (or Act) enters the picture. The Act's explicit intention was to prevent the recurrence of "another Vietnam" by limiting the President's authority to conduct foreign military adventures. Up to now, however, Mr Reagan has insisted that it does not apply to Beirut.

In order to substantiate this claim, his Administration has been forced into extraordinary verbal contortions. The Marines, it insists, are not in an area of "hostilities" or "imminent hostilities"—a determination that would trigger time limits and Congressional procedures under the Act. With the number of dead and wounded mounting, that is a position that is becoming increasingly difficult to maintain

What Mr Reagan may now do is to go along with compromise moves to approve the peacekeeping force, but not under the terms of the Act. If, as a number of Congressmen are now suggesting, approval might be granted for 18 months, that would take Mr Reagan up to and beyond next year's elections.

The validity of some sections of the Act has, in any case, become legally debatable, following this summer's ruling by the Supreme Court overturning Congress's power of "legislative veto." The uncertainty could easily lead to a clash between the White House and Capitol Hill that Mr Reagan is anxious to avoid. He clearly wants to keep his hands as free as possible.

For the moment, however, his freedom of action is severely constrained. He cannot withdraw the Marines without accepting a defeat for his foreign policy and appearing weak and he cannot increase the numbers on the ground dramatically without risking a more serious confrontation with Congress over his war-making authority.

Support for his policy would almost certainly be easier to come by if the general American public were clearer about what it is that the Marines are actually meant to be doing in Beirut. "We're here to help the people of the country," they always say when interviewed on television. But Lebanese politics remains a mystery to most Americans and if the Marines continue to be sucked into what seems like a pointless conflict, pressure can only mount for their removal.

Sri Lanka tourist industry badly hit by ethnic violence

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA'S tourist industry has proved the first major casualty of the recent wave of ethnic violence.

The island's fastest growing industry in recent years (9.6 per cent growth in 1982) tourism is also the fourth biggest exchange earner after tea, remittances from expatriate workers—mainly in the Middle East—and rubber.

Last year, tourist income reached $150m and provided employment, direct and indirect, for more than 100,000 people.

After July occupancy dropped so sharply that the manager of the Intercontinental Hotel described the present situation as "lousy." Occupancy, which had been slightly over 50 per cent, slumped to 30 per cent, he said. The manager of the "Lanka Oberoi" who also complained of a sudden drop said that the suspension of charters in July and August was the main reason.

With the steady depreciation of the rupee, a reduction in hotel rates, heavy investment in tourist promotion and three luxury hotels (the Taj, Sheraton and Galadari Meridien) scheduled to open next year, the Sri Lanka Tourist Board had expected earnings to "peak" in 1984 when 2,000 delegates attend the Pacific Area Travel Agents' conference in Colombo. Tourism had already taken a small beating earlier this year when the Indian Government slashed exchange allowances to Indian tourists

Sri Lanka's main opposition leader warned yesterday that, unless a solution was found soon to the country's ethnic crisis a "bitter struggle" would follow.

Mr A. Amirthalingham, leader of the predominant Tamil party in Sri Lanka, the Tamil United Liberation Front (TULF), also accused the island's government and armed forces of direct complicity in the killing of Tamil nationals in July's racial violence.

Mr Amirthalingham is in London seeking support for a federal solution to the crisis between the Tamil minority in the north of the island and the Sinhalese majority. However, Foreign Office Ministers are refusing to see him.

The beach resorts, which rely heavily on charter groups, have been worst hit. "Occupancy is almost nil and some hotels, already hurt by a new business turnover tax, may go out of business in places like Negombo and Bentota, two favourite resorts." Tourist Hotels Association official said.

August is one of the best months for the trade. The August Perahera in up-country Kandy, one of Asia's most picturesque pageants, brings an average of 30,000 tourists each year. There were less than 2,000 last month.

SATELLITE BRINGS TV TO THE PEOPLE

India looks forward to its first televised election

BY JOHN ELLIOTT IN NEW DELHI

A COMMUNICATIONS satellite launched by the latest American space shuttle and the future of Mrs Indira Gandhi as Prime Minister of India are inextricably linked in the minds of many political pundits in New Delhi.

The satellite is scheduled to bring television from the capital and other centres into the homes of 75 per cent of the Indian population by the end of next year. If Mrs Gandhi waits until the end of her current term as Prime Minister, she will fight India's first television general election at the end of 1984.

The personal prestige and near adulation Mrs Gandhi could gain via television from illiterate and politically unsophisticated villagers has caused scathing comments in New Delhi, where the national television station, the Doordarshan (which means "remote vision"), has already been severely criticised for being inefficient, boring, possibly corrupt and under direct Government influence.

The launch of the satellite follows the development of a new policy on colour television manufacture which envisages up to 2.5m sets being made a year.

For the past few days there has been nervous nail biting at India's space headquarters outside Bangalore, about the future of the satellite, Insat 1B whose solar panels failed to align properly last week. A year ago, an earlier satellite, Insat 1A failed after six months, just before the Asian Games were held in India. Alternative satellite facilities had to be hired from the U.S.-based Intelsat organisation and (much more cheaply) from the Soviet Union.

A second disaster would not only have put many of the country's communications programmes behind schedule, but would also have been a blow to morale. India has developed a high level of space capability and experience for an underdeveloped country.

The first two Insat satellites, and a third which will follow in 1986 were all ordered from Ford Aerospace of the U.S. some six years ago before that capability was developed. Since then, India has produced three more basic experimental satellites and is now considering building a second generation of Insats itself. Two Insat satellite failures would have been a blow, even though both were made in the U.S.

Insat 1B combines three major and one minor roles. It provides links for television, telecommunications and for the forecasting of weather and natural disasters, as well as improving radio links.

At present television reaches between 20 per cent and 30 per cent of the population with poor quality national and local programmes, augmented sometimes by imports including Yes, Minister from the UK and the Lucy Show from the U.S. Television started in 1959 but was given a very low priority and a second station—in Bombay—was opened only in 1972. Programmes had little appeal and were in black and white.

Now the Government wants to use television to harness the interest and support of as much as possible of the country's 750m population for economic, industrial and agricultural development, and to unite the country's diverse cultures and religions.

U.S. space Shuttle heralds a boom in local television manufacture

The change came last year when rushed and chaotic plans were put together for colour television broadcasting to be launched for the Asian Games. Eventually some 90,000 colour television sets were assembled from German and South Korean-made kits and another 70,000 were imported by "relatives and friends" living abroad.

Fifty companies have now been licensed to produce 2.5m colour sets a year, a figure that will not be reached for some time. Production plans are already behind schedule but sets should be appearing in shops at broadly European price levels by the end of the year.

India's traditionally restrictive industrial licensing system has been relaxed for these products. No official foreign collaborations are being allowed, although "intelligent copying" and other "reverse engineering" techniques are being quietly encouraged.

Production of black and white television sets has been expanding at about 25 to 30 per cent annually for some years and is now expected to shoot up by more than 50 per cent a year. There are about 80 to 100 assemblers plus another 80 component manufacturers whose technology is foreign-based. Between 700,000 and 800,000 black and white sets are being produced this year.

Insat 1B will provide two nationwide television broadcast channels, one for national and regional networking to enlarge the existing microwave links between cities and to provide direct beaming to community receivers in remote villages and 125 extra low-powered transmitters covering areas of up to 12 miles.

New Delhi is offering often sceptical regional stations an evening national programme, soon to last from 6 pm to midnight, covering news, economic, political and cultural programmes ranging from India's pilgrimage centres to public sector industries.

There are more than 15 basic languages in India and hundreds of dialects, so the national programmes, which will be in Hindi and English, will make maximum use of music and sound rather than speech.

India's tortuous and inefficient internal telephone system will also benefit from Insat 1B, which will provide links between 30 satellite earth stations costing $63m, 60 per cent of which have been imported from the U.S. and Japan. The rest have been made in India.

The stations are in major cities, islands such as the Laccadives and rural communities and there is a special voice and computer data service for the Bombay High oil field. They will be more reliable than telephone land routes which cannot cross difficult country and are often disrupted by bad weather.

Some 8,000 two-way, long-distance telephone links are planned, to give new services to the outlying areas as well as adding 40 per cent more circuits to the existing overworked conventional ones between the four main cities of New Delhi, Calcutta, Bombay and Madras.

Australia set to lift wage freeze

By Michael Thompson-Noel in Sydney

AUSTRALIA is expected formally to lift its wage freeze next week, allowing for the return to fully indexed, centralised wage fixing.

The freeze was introduced late last year by the former Liberal-National Party coalition Government, which lost office to the Australian Labor Party in March.

In recent hearings before the Arbitration Commission, the Australian Council of Trade Unions, supported by Mr Bob Hawke's Government, has campaigned for a 4.3 per cent wage rise, plus full wage indexation tied to increases in consumer price index.

However, Mr Hawke has warned that, should the unions attempt to win further wage increases outside the arbitration system, the Government would have no option but to implement tougher monetary and fiscal policies.

Nigerian court overturns another election result

BY QUENTIN PEEL, AFRICA EDITOR

A NIGERIAN court has overturned a second controversial election result from last month's polling, with a decision to reverse the victory of the ruling National Party of Nigeria (NPN) candidate for governor in Anambra State.

The election petition court decided that the result should have been awarded to the incumbent, Governor Jim Nwobodo of the Nigerian People's Party (NPP), instead of Chief Christian Onoh of the NPN.

The Anambra result was one of three which were bitterly disputed in the gubernatorial elections in Nigeria's 19 states. One other, in the western state of Ondo, has now been overturned, while the NPN victory in neighbouring Oyo state, which resulted in violent rioting, has been upheld.

All the decisions of the election petition courts are subject to further appeals to federal courts, and therefore cannot be considered final. However, the decision in Ondo has been greeted with widespread enthusiasm, which will be difficult for any future court to ignore.

The three results were challenged because they were said to have been falsified by election officials in favour of the ruling party of President Shehu Shagari. Nearly 50 people died in the rioting which resulted in Oyo and Ondo states.

President Shagari made a national broadcast on radio and television at the weekend warning against further incitement to violence, and appealing for reconciliation following the elections.

Postponed elections for national senators, representatives and state assemblymen are due to be held from today in Oyo and Ondo, and strict security precautions have been taken by the federal government.

Normal borrowing for major debtors 'after 1985'

BY ANATOLE KALETSKY IN WASHINGTON

THE current international debt crisis should prove to have been a temporary liquidity problem, according to a study by the Institute of International Economics.

Major Third World debtors, says the study, will be able to return to normal capital market borrowing by 1985 or 1986, provided industrialised countries can achieve annual growth rates of at least 2.5 to 3 per cent.

Even under favourable assumptions, however, commercial banks will have to continue "involuntary lending" to the Third World for several years.

Debtor countries, it adds, may be justified in imposing sanctions against banks which refuse to increase their exposure as part of a "balanced strategy" for dealing with the debt crisis.

The report, a country-by-country analysis of "international debt and the stability of the world economy," was published yesterday.

The author, Dr William Cline, suggests in his most controversial conclusion, that steps may have to be taken to force smaller banks to participate fully in debt reschedulings.

At present there is a tendency for some smaller banks to "try to enjoy a free ride" by remaining out of an extension of new credit while benefiting from the maintenance of the security of their own past loans afforded by new contributions from major banks and public sources, Dr Cline says.

He suggests the debtor countries may have to add their own "incentives" to the "moral pressures" currently being applied on smaller banks by large banks and the official agencies, such as central banks and finance ministries in industrialised countries.

In particular the debtor countries "might do well" to announce that the existing debts owed to unco-operative banks will be treated less favourably than the debts of banks which participate fully in reschedulings.

However, such a step, which has occasionally been mooted in banking circles during the difficult negotiations over rescheduling Brazil's debt, should only be taken after close consultation with the larger banks and regulators in the industrial countries.

In its analysis the institute concludes that the Third World and Eastern Europe will require about $75bn (£50bn) a year of new financing until 1986.

Given moderate growth in the industrialised world and the avoidance of any increases in interest rates and protectionism, Mexico and Argentina should be able to borrow in financial markets by 1985 and Brazil may be able to resume borrowing by 1986.

Cloud over Candu after series of reactor accidents

Nicholas Hirst reports on a threat to the Canadian nuclear industry

CANADA'S nuclear engineers are hoping that a catastrophic failure in a pressure tube in one of the country's highly-regarded showpiece reactors is a freak one-off incident, not a generic design flaw.

Last month the excellent safety and performance record of the Canadian designed and and built Candu reactor suffered a nasty jolt. Separate incidents resulted in three of the five working reactors at the Pickering power station near Toronto being shut down.

The coincidence of the three incidents in one week could not have come at a more embarrassing time. The Canadian Government was about to agree the details of a much-needed order for two Candu reactors from Romania, first signed in 1978, but held up because of worries over Romania's debt problems.

The C$1bn (£540m) deal is to go ahead and the Romanians are talking of ordering a total of 10 Candu reactors. But the initial deal, which gives the Romanians the right to negotiate barter arrangements with 50 Canadian components suppliers, has been strongly criticised on economic grounds, and there are fears that, the Romanian deal will make a loss like the C$130m lost on building a reactor for Argentina, completed this year.

The Romanian orders apart, with no new domestic or foreign deals agreed for the past five years, the Government-owned Atomic Energy of Canada Limited (AECL), which designed the Candu, and the Canadian nuclear industry, employing around 30,000 people is relying on the 11 reactors under construction for Ontario Hydro, the largest Canadian provincial electricity authority, to keep it in work until a pick-up in international nuclear sales occurs towards the end of the decade.

But even if a pick-up occurs, the worldwide overcapacity in nuclear power station building and strong competition from the French and American pressure water reactor systems, the damage to the Candu's reputation from the recent incidents can only put the prospect of further overseas sales and the future of the Canadian industry in doubt.

The more serious accident was the first to occur on August 1. It was the first loss of coolant accident (LOCA) in a Candu reactor. The LOCA in the Pickering Unit 2 reactor resulted from a crack in one of the reactor's pressure tubes. These tubes are 20 ft long and 4 in in diameter and there are 390 of them in each reactor. Cameras have shown that the crack measures 76 inches along and ¾ in wide.

Candu's designers have claimed that one of the system's most important safety features was that the pressure tubes, containing the uranium oxide fuel bundles and a flow of heavy water as coolant would always leak before they could suffer a catastrophic break. Such a leak, it was argued, could be detected in good time to avoid a serious rupture.

Cameras have shown two broken-off fuel rods lodged in the crack in the damaged pressure tube. Officials are speculating that a tungsten welding electrode may have broken off during construction of the reactor 12 years ago.

Problems were discovered in an adjacent pressure tube last year, and the fuel in that tube was transferred to the damaged vessel. A foreign object may have been transferred with the fuel and gouged the crack, they say.

If this happened, the accident may have been a unique event and not a design flaw. A design flaw could involve replacing all 390 tubes in Units 1 and 2 at a total cost of C$350m.

Mr Victor Godin, Director of Public Affairs for AECL, said that the accident, strictly speaking, was not a LOCA. "But if it is a generic problem, it is a significant worry in any technology, and we are no different," he said. "The general feeling is that the accident will not prejudice the design, that we must let the analysis take its course."

Since the tube rupture in August the Candu system has suffered more embarrassing incidents. On September 5, 2,700 litres of radioactive heavy water spilled into Lake Huron from a cooling mechanism at the 16-year-old 200 Mw reactor at Douglas Point, the first commercial-sized Candu system to be built in Canada. The radiation released was equivalent to 7 per cent of the permitted level of monthly radiation releases.

Two days earlier 1,800 litres of irradiated heavy water spilled into Lake Ontario from a fuelling machine at the unit 5 reactor at Pickering, the most recent Candu reactor to go into service. This leak released 0.04 per cent of the allowable monthly spill.

A spokesman for Ontario Hydro said that the leaks were the largest ever recorded but there was no danger to public health from either spill.

So far, reaction from Canada's customers has indicated they are not unduly worried. The Romanians have said they are still impressed with the overall performance of the Candu and the South Korean Power Company which also operates a Candu reactor, has said it is not concerned by the accident and still believes the Candu to be the safest nuclear system in the world.

Officials of Atomic Energy of Canada have pointed out that even if the Unit 2 reactor is out of service for a year, in terms of lifetime performance it would still rank in the top 20 in the world.

Despite the Candu's performance record and safety features, overseas sales have been poor however. Candus have been sold to Pakistan, India, Argentina, South Korea and now Romania but orders and potential orders are running way behind the one overseas sale a year that a federal Government study last year said the Canadian industry needed to stay in business.

Now that doubts have been raised over the "leak before break" design feature, potential customers could be more wary of opting for Candu.

Opposition leaders in the Ontario legislature have called for a public inquiry into the accidents. The Liberal leader, Mr David Peterson said it "challenged the wisdom of Ontario Hydro's massive expansion programme." Ontario Hydro has reaffirmed its confidence in the reactor, saying that public safety was never at risk.

Ontario Hydro is planning to withdraw the damaged rods from the tube, disconnect it, and send it to the AECL laboratories at Chalk River, near Ottawa, for testing. The reactor is not expected to be back in service until mid-October.

Caracas seeks extension of freeze on repayments

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

VENEZUELA'S leading creditor banks are to meet in New York tomorrow to discuss conditions for an extension of the country's present temporary freeze on repayments of principal after it expires on September 30.

The extension is needed because of Venezuela's decision not to adopt an International Monetary Fund austerity programme ahead of its general elections scheduled for early December. This will delay its planned rescheduling of $18.4bn (£12.3bn) in foreign debt which was originally supposed to have been in place before the current repayments freeze expires.

Although the 13-bank advisory committee, chaired by Chase Manhattan, has little option but to recommend an extension at tomorrow's meeting, there is likely to be some debate over suitable conditions in view of the persistence of several hundred million dollars in interest arrears by Venezuelan borrowers.

Some banks are arguing that tough conditions should be imposed to keep up the pressure on Venezuela to reduce the arrears. This could include limiting the extension to a short period or increasing the interest margins charged to Venezuela on the extended debt, currently 1⅞ per cent over eurodollar rates or 1½ per cent over U.S. prime.

Others feel a very tough stance could encourage smaller creditors to break ranks and call Venezuela into default because of the interest arrears, making its debt problems even more complicated.

Creditor banks have told Venezuela that they will not present a rescheduling proposal till the IMF agreement is reached but preparatory discussions are continuing meanwhile.

Mexico to pay arrears

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO will pay all its $440m (£293m) of private sector interest arrears at the end of this month, a senior Government official said yesterday.

The arrears, which were incurred last year when Mexico's $83bn debt crisis exploded and repayments were suspended, were going to be refinanced this month in the form of a "roll-up loan." Just under half the total arrears of $800m have so far been paid.

The official said the dramatic turnaround in the country's current account, with a projected surplus of up to $4bn for the year, had made it possible to pay all the arrears.

The arrears payment is good news for Mexico's bankers who did not take kindly to the idea of capitalising interest payments. The arrears payment should put Mexico in a stronger position to try to reduce the spreads on its new loans

Argentina asks for $300m debt delay, Page 33

Warning on troops in C. America

By Stewart Fleming in Washington

MR FRED C. IKLE, under-secretary in the U.S. Defence Department, has warned that unless the U.S. achieves a military victory over guerrillas in Central America it could be forced to station troops in the region "as in Korea and West Germany."

The remarks by Mr Ikle, one of the hard-line architects of President Reagan's Central American Policy, reflects the mounting frustration within the Administration at lukewarm Congressional support for its stance.

Mr Ikle said in a speech to the Baltimore Council on Foreign Affairs that negotiations alone would not produce a satisfactory resolution of the conflicts in the region.

He said that unless covert support was maintained to "democratic resistance forces in Nicaragua" the country would be turned into a sanctuary from which the nations of Central America could be safely attacked but in which U.S.-backed forces could not operate.

"Such a situation could ultimately force the U.S. to place troops in neighbouring countries, as in Korea and West Germany," he warned.

"Clearly we must prevent such a partition of Central America," he said in remarks which were interpreted as calling for Congressional support for increased financial and military support for U.S. involvement in El Salvador, Nicaragua and Honduras.

Chile reserves fall

Chile's foreign reserves, which had been edging up after plummeting by nearly $1bn (£667m) in the first few months of this year, last month fell again from $1.59bn to $1.57bn, Mary Helen Spooner reports from Santiago.

Fears of U.S. budget deficit clash

BY NICHOLAS COLCHESTER

PROJECTED U.S. deficits and private demands on the U.S. credit markets clearly support market fears of a clash between U.S. monetary and fiscal policies in 1984 or 1985, or of an inflationary monetary policy if such a clash is to be avoided.

This is the conclusion of a study of the U.S. fiscal deficit published in the summer quarterly review of the Federal Reserve Bank of New York.

The analysis puts the size of the U.S. budget deficit into clear perspective, identifies the reasons for its rise and finds that even on the assumption of rapid economic growth the U.S. is heading into "uncharted fiscal territory."

By 1985 government revenues are expected to be 18.7 per cent of GNP and outlays 24.6 per cent. So the deficit, three years into the economic recovery, will still be 5.9 per cent of GNP, compared with 6.5 per cent in fiscal 1983.

At such a level the deficit will be well in excess of the 1970-1980 average for Japan (2.17 per cent), West Germany (1.85 per cent), the UK (2.37 per cent), France (0.17 per cent), and the U.S. (0.88 per cent).

"More important," says the study, "the projections of general government deficits as a percentage of net savings, 50 to 60 per cent for the U.S. in 1984 and 1985, is about double the highest figure for Japan during the decade and is above the highest figure for any of the other four countries, except the UK during the 1975 recession."

In fiscal 1983 the U.S. general government deficit is estimated at 70-80 per cent of net private savings.

The study finds that even if the U.S. economy grew at the record rate of 1962-66 the deficit would still be $150bn in 1988.

Nicaragua protests to UN over rebel attacks

BY OUR FOREIGN STAFF

NICARAGUA has complained to the UN Security Council about the growing number of attacks by U.S.-backed rebels. The complaint follows increased activity, including the first air raids, by the anti-Sandanista guerrilla organisation ARDE (Revolutionary Democratic Alliance) led by former Sandinista leader, Sr Eden Pastora.

The UN Security Council was due to hear Nicaragua's complaint in formal session late yesterday.

Sr Pastora for his part has reiterated from his base in Costa Rica that his forces will carry out more and bigger bombing raids.

He was quoted as saying: "Today there are three or four planes and tomorrow there will be eight or 12."

Over the weekend Nicaraguan forces shot down a light Cessna aircraft close to the Costa Rican frontier. The plane, carrying arms, ammunition and food supplies, was attempting to resupply ARDE units fighting in the south of the country. This was the third such aircraft to be brought down in a week.

WORLD TRADE NEWS

Britain in attempt to revive Latin American trade

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

THE BRITISH Government is trying to revive a flagging UK export trade with Latin America in spite of payments problems in many of the countries of the continent.

A three-day conference of commercial officers from Britain's South American diplomatic posts is being convened in Caracas, Venezuela, at the end of the month to launch the export drive.

Mr Paul Channon, the Trade Minister, will open the conference during a two-week visit to Colombia, Venezuela and Trinidad starting next Wednesday.

Britain's share of the Latin American market has dropped from nearly 6 per cent in 1960 to little more than 2 per cent. Import restrictions and the recession caused a drop in UK trade with the continent of 44 per cent in the first seven months of this year. Britain also has a growing imbalance with Brazil, its largest trading partner in the region. Last year, there was a deficit of nearly £300m on trade of £630m.

In Colombia, one of the countries least affected by debt problems, Mr Channon will be supporting British bids for a $650m (£430m) mass transit project in Medellin, the country's second largest city.

Front runners for the contract are reported to be Franco-rail, a French group, and a British-West German consortium led by GEC of the UK.

Mr Channon will be accompanied to Colombia by executives from Barclays Bank, British Steel, Inchcape and W. S. Atkins, the consultancy group.

Trinidad is one of Britain's oldest trading partners in the region and UK construction companies are well represented there.

Tax treaty talks planned

TALKS BETWEEN Britain and Indonesia are due to take place next week over the double taxation treaty between the two countries, which the Jakarta Government wants to re-negotiate, Caris Sherwell reports from Jakarta.

The Government unexpectedly gave six months' notice of termination of the agreement at the end of June, a move which was expected to cause confusion for British companies operating in Indonesia.

Britain is believed to have advised that the action could mean that no treaty whatsoever would be in place at the beginning of 1984. The Jakarta Government subsequently indicated it wanted only to re-negotiate the treaty, which has operated since 1976.

Kevin Done in Stockholm looks at why Volvo and Saab are enjoying record profits

Soaring exports bring boom for Swedish car makers

THE SWEDISH car industry is booming with both Volvo and Saab enjoying record profit levels and surging foreign sales, particularly in the U.S.

The value of Swedish car exports in the first six months of the year jumped by 56 per cent to SKr 6.9bn (£58m) and the success of the Swedish car producers in foreign markets is an important factor behind the sharp improvement in the Swedish trade balance this year.

Volvo, the leading Swedish car producer, which recently reported profits for the first half of the year which were higher than for the whole of 1982, owes much of its current success to its car division. Car sales in the first half of 1983 jumped by 51 per cent to SKr 13.5bn with the sales volume rising by 13.6 per cent to 183,000.

In the U.S., which is Volvo's largest market worldwide, sales in the first eight months of the year increased by 13.7 per cent to 62,819. Mr Bengt Lundberg, a vice-president of Volvo of America the group's U.S. sales subsidiary, said: "We are sold out on the 1983 models and we are still waiting for the 1984s to arrive."

All the way through the deep recession in the U.S. car market, Volvo has been steadily increasing sales to a record level last year of 71,568. It is the second largest European car exporter to the U.S. after Volkswagen/Audi of West Germany and is well ahead of its West German rivals Daimler-Benz and BMW.

Mr Lundberg said: "This year we plan to sell about 82,000 cars in the U.S., that is all we can get from Sweden. The cars are selling themselves, so we don't need to spend a whole lot of money on advertising."

The profitability of Swedish car exports has been helped substantially by the strength of the dollar and by last year's 16 per cent devaluation of the Swedish krone. The boost from the fall in value of the Swedish currency is offset partly by the high level of components imported by both Volvo and Saab to Sweden however.

Volvo, for instance, buys its diesel engines from Volkswagen in West Germany, automatic gearboxes from both West Germany and the UK and its six-cylinder engines from a joint venture with Renault and Peugeot in France.

Overall Swedish car production has risen by 19 per cent in the first half of the year to 176,400 from 148,700 the year earlier. Last year car output totalled 296,790 and the industry is well on its way this year to matching the record production level of 342,000 achieved in 1973.

Reflecting the declining level of real disposable incomes in Sweden, the domestic car market is depressed this year with sales volume down by 3 per cent to 130,039 in the first eight months.

Volvo and Saab have succeeded in winning back market leadership from the West German importers, taking 36.2 per cent of the market compared with 35.1 per cent for West German producers and 15.5 per cent for Japanese.

Saab, the smaller of the two Swedish car makers, has increased output levels several times over the last 12 months to try to keep pace with rising demand.

"We shall be increasing production again during the autumn to an annual rate of more than 100,000 cars," says Mr Bengt Odmann vice-president for car sales and marketing. "But in spite of this we expect there will be supply problems in the near future. Both last year and this year we will have sold every single car we have made as well as also reducing stocks even further."

Production this year is expected to total 94,000 to 95,000 cars compared with 87,000 in 1982 and only 65,500 in 1980. Sales in the first eight months of the year rose by 13 per cent to 63,400, with sales in the U.S. jumping by 50 per cent to 18,000.

In Sweden, Saab has sacrificed some market share in order to direct more cars to export markets, and domestic new registrations were down therefore by nearly 5 per cent in the first eight months.

The sales pace in the U.S. will slacken during the autumn, as Saab dealers are unable to get increased supplies from Sweden, where Saab's car plants are already working at full capacity. "We have already disposed of our stock reserves this year," said Mr Robert Sinclair, president of Saab-Scania of America, "and stocks held by us and dealers are at rock bottom."

Overall Saab expects to increase car sales in the U.S. this year by around 30 per cent to 24,000-25,000. Demand outside the Nordic region is particularly strong for its most profitable top of the range turbo model.

The success of their car operations abroad has more than compensated the Swedish automobile makers for the decline in sales of commercial vehicles.

The truck divisions of both Saab-Scania and Volvo have reported falling profitability and demand this year and Swedish truck production has dropped by 11 per cent to 23,300 during the first half of 1983, and certain important overseas markets have virtually collapsed.

In both Western Europe and the U.S., Swedish truck makers have been hit by fierce price competition as manufacturers have fought to maintain their shares of declining markets.

Ford to start automatic transmission production soon

BY KEN GOODING IN FRANKFURT

FORD of Europe is close to starting full-scale production of an automatic transmission for small cars which in trials has proved to be more economic than a five-speed manual gearbox with no loss of performance.

Transmission, suitable for cars with engines of up to 1.6 litres, has been developed jointly by Ford and Van Doorne Transmissions, in which the Dutch Government has a majority shareholding.

Currently only about 5 per cent of small cars in Europe are delivered with automatic transmission. Ford says this is because until now automatic transmissions have brought a 10 per cent loss in both performance and economy.

"We believe that the company which can launch an automatic comparable with a five speed manual gearbox will get major incremental sales" said Mr John Oldfield, director of product development for Ford of Europe.

At the Frankfurt Motor Show, Ford revealed it has 20 prototype units fitted to Fiestas—half in Germany the rest in Britain—for high mileage evaluation. No formal indications of when the automatic would be put into production but it was suggested yesterday, that it could be within a year. Mr Oldfield said: "The prototype is at an advanced stage and has produced very encouraging results."

Ford calls its transmission the CTX. In principle it is similar to the belt driven automatic used by the old Daf car company. But Ford has been working to improve and develop the concept since 1969.

The CTX uses components from a transmission produced at Ford's Bordeaux plant in France and will probably be assembled there when it goes into production.

● Ford captured 18.3 per cent of the West European car market in August — a record for any company — thanks to huge sales in Britain where it sold 117,000 car.

BMW changes terms of diesel engine deal

BY OUR MOTOR INDUSTRY CORRESPONDENT IN FRANKFURT

BMW, the West German group, has changed the terms of its deal to supply Ford with high performance diesel engines following the collapse of the diesel market in the U.S.

Originally Ford wanted 190,000 diesels from BMW's new plant in Austria delivered over three years. Now it has been agreed Ford will still buy all 190,000 engines but only 71,000 in the first three years.

Ford takes delivery of the diesel this month. And BMW will launch its own cars with the Austrian diesel in the States next May.

Mr Hans-Erdmann Schoenbeck, BMW's sales and marketing director, said yesterday: "We are not happy about the timing of the introduction of the new diesels to the U.S. But we have good research that shows demand for diesel cars there will recover to 8 to 10 per cent of the market in three or four years.

BMW's chairman, Mr Eberhard von Kuenheim, said the company's car output this year would comfortably exceed 400,000 for the first time compared with 379,000 last year.

BMW's own import company in Japan set up two years ago was doing well. Sales in Japan has jumped from 2,000 to 5,000 cars last year and BMW would sell 10,000 a year in the foreseeable future.

Dutch natural gas exports fall again

BY WALTER ELLIS IN AMSTERDAM

THE VALUE of Dutch natural gas exports fell again during the first six months of this year, but there are signs of a levelling off.

Between January and the end of June, gas worth Fl 8.57bn (£1.9bn) was sold to foreign customers—mostly in Western Europe — compared with Fl 8.77bn in the first half of 1982.

Last year, gas exports fell in volume terms by 30 per cent, causing the revenue-hungry Dutch Government to encourage a renewed sales drive. Since then, Gasunie, the Netherlands gas corporation, has concluded that "without endangering the security of long-term supplies, some easing of the natural gas policy is possible."

Conservation measures and falling exports have served to keep more gas in the ground than had been expected in the 1970s, and European governments have already been made aware that if they wish to increase purchases in the future, arrangements can be made.

During the first six months of this year, the Netherlands imported natural gas and oil worth Fl 19.27bn—just 1.5 per cent up on the same period of 1982. The export of oil and oil-products rose in value by just under 5 per cent, to Fl 13.94bn, with a proportion of this total arising from re-exports and trading on the Rotterdam spot market.

Du Pont set to increase synthetic rubber capacity

BY CARLA RAPOPORT

DU PONT, the largest U.S. chemical company, yesterday said it will double its worldwide capacity for fluoroelastomers with the construction of a new plant at its Dordrecht site in the Netherlands.

Fluoroelastomers, a synthetic rubber, has a world-wide market of around $100m (£66m). It is used to extend the service life of industrial equipment.

The new plant is expected to have an initial annual capacity of more than 2,000 tonnes when production starts in 1986. Du Pont claims to be the world leader in supplying fluorine-based products. Its brand of fluoroelastomers, Viton, is estimated to account for around half the world-wide market for the product.

Yesterday's announcement marks the final phase of a Fl 400m (£88m) five-year programme which is intended to make the Dordrecht site one of the largest and most fully-integrated fluoride-based products manufacturing facilities in the world. The programme included the expansion of facilities for producing Du Pont's Teflon fluorocarbon copolymers, which are used to coat domestic and industrial materials.

Du Pont yesterday refused to disclose the cost of building the new plant but said that the workforce at Dordrecht would be around 1,500 following its completion.

Currently, Du Pont only makes Viton fluoroelastomers at its works in New Jersey in the U.S. The new facility is intended to serve fast growing markets in Europe, Japan and Asia, said Du Pont.

Ghent coal terminal opens

BY MAURICE SAMUELSON

A NEW TERMINAL which will initially permit coal imports to Europe to rise by 2.5m tonnes a year was opened yesterday at Ghent in Belgium, by Burnett and Hallamshire, Britain's largest open cast coal mining contractor with mining interests around the world.

Built at a cost of £12m, it covers about 13.5 hectares.

Although only small compared with the major coal ports at Amsterdam, Rotterdam and Antwerp, Ghent is a significant addition to Western Europe's coal handling capacity. Ghent can also be used for direct transhipment of some 700,000 tonnes a year.

Thatcher urged to press U.S. on tax ruling

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

BRITISH companies yesterday urged the Government to make immediate representations in Washington about their U.S. state tax liabilities.

They are afraid that President Reagan is on the brink of a decision that would dash their hopes of outlawing the controversial unitary taxation system now operated by 12 states.

On Tuesday night Mr Reagan asked his Cabinet Council to do further work on the issue, White House sources confirmed yesterday.

The council had reportedly been unanimous in recommending that the President should support legislation to curb the tax and also back an attempt to have the U.S. Supreme Court rehear an important test case on the system.

An unconfirmed report received in London said Mr Reagan decided not to file an *amicus curiae* brief to help Container Corporation have its unsuccessful case against California – a leading "unitary" state – heard again.

Mr Ian Greet, spokesman for the Unitary Tax Campaign, a British pressure group, said last night: "We are very, very depressed that the President has not accepted these recommendations." A final verdict could come within 48 hours, he added.

If Mr Reagan refused to challenge the states over the tax, there could be fresh moves to retaliate against U.S. companies operating in Britain, he said.

The Unitary Tax Campaign was behind a clause framed for the Finance Bill proposed by Mr Michael Grylls, chairman of the Conservative Party trade and industry committee, to block credits due under Britain's advance corporation tax.


Mrs Margaret Thatcher

The principal issue is whether states will continue to be able to assess multinationals' worldwide profits when assessing tax payable by local operations.

UK companies believe the Cabinet Council's study group recommended that both U.S. and foreign-owned multinationals should be obliged to report only profits made in the U.S. – the so-called "water's edge" approach.

The difference between unitary taxation and the conventional arms-length assessment method can be counted in hundreds of millions of dollars a year, according to the campaigners.

Howden affair inquiry widened

By John Moore

INVESTIGATORS in the Lloyd's of London insurance market probing the affairs of Alexander Howden Group, the troubled insurance broker, have widened their investigations to study payments made to a former Howden underwriting executive, as reported in some editions yesterday.

Mr Peter Millett, QC and Mr Nigel Holland an accountant dealing with the Howden investigation for Lloyd's, have been examining payments allegedly made in the form of commissions out of Howden through reinsurance contracts to a Swiss bank account of the underwriting executive.

Alexander Howden Group is under investigation by the Department of Trade and Industry, assisted by the City of London Police Fraud Squad, after allegations by Howden's American owners, Alexander & Alexander Services, that $55m had been misappropriated from the group by former Howden executives.

Alexander & Alexander made its allegations against five former Howden executives: Mr Kenneth Grob, the former chairman, Mr Allan Page, Mr Jack Carpenter, Mr Ronald Comery and Mr Ian Posgate, the former star underwriter. But now Mr Holland and Mr Millett are studying the way other payments were made to another former Howden underwriting executive.

● The Inland Revenue has called for all Lloyd's managing agents, who look after the affairs of Lloyd's underwriting members, to submit details of all funds deposited offshore as "roll-over funds" for tax purposes or as provisions for catastrophe risks.

RECORD AUGUST FOR BUILDING SOCIETIES

Lenders expect shorter queues for home loans

BY MARGARET HUGHES

LAST MONTH was the best August on record for attracting investor funds, according to figures published yesterday by the Building Societies Association. Net receipts totalled £525m compared with £437m a year previously, and was the second highest monthly inflow this year.

Mr Richard Weir, secretary-general of the association, said that there was now a real prospect that mortgage queues would be "significantly reduced during the next few months."

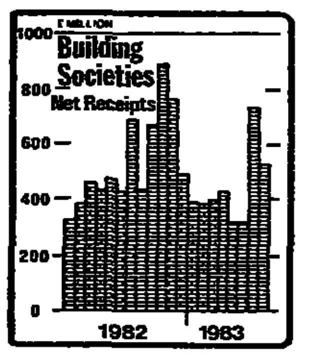
Meanwhile, Mr Clive Thornton, chief general manager of the Abbey National Building Society, said yesterday that his society would not be charging higher mortgage rates as a result of its decision to withdraw from the interest rate cartel. He also forecast that mortgage rates in general were likely to drop by up to 1½ per cent before the spring.

Other societies had predicted that the Abbey would be forced to charge more for its mortgages once it broke away from the cartel because it would be paying more for its funds. But Mr Thornton emphatically denied that this would be the case.

The main effect of breaking ranks with other societies, he said, would be a simplification of the Abbey's investment product range. Although some of the society's existing schemes would pay a higher interest as a result, he claimed that the overall cost of funds would not be increased. Therefore there would be no need to pass on extra costs to home buyers.

Mr Thornton's optimism on the general mortgage front is not shared by the Building Societies Association (BSA) which said yesterday that it did not envisage an early reduction in the mortgage rate. The BSA pointed out that it would need more than the predicted ½ per cent drop in base rates for this to be possible.

Mr Thornton said that Abbey had no intention of returning to the interest rate cartel which had "outlived its usefulness." Investment rates, he said, should be "free to move with market rates" which, in his view, would make the cost of funds to the movement cheaper.



On the mortgage side, he said that rates should be governed by the needs of borrowers to buy houses at prices which they could afford. The rates, he argued, would not necessarily be market related, although market forces would inevitably influence the rate paid for home loans. Abbey would not undertake to comply with any recommended rate structure again. Non.etheless, he believed there should be some form of dialogue between the main societies to contain the level of mortgage rates.

Mr Thornton predicted that when Abbey's three months' notice to withdraw was up, the other four leading societies (as well as others) would follow suit.

Although his main rivals maintain their public allegiance to the recommended rate structure, the general consensus in private is that the days of the cartel are well and truly over. Investment rates will move with market rates and eventually mortgage rates will be higher than market rates.

Bank of England's intervention helped save asbestos group

BY CARLA RAPOPORT

INTERVENTION by the Bank of England helped prevent the collapse of Turner & Newall, the asbestos-based products group with annual sales of more than £600m.

It is understood that the group's 16 bankers became concerned about the high level of borrowings last October after unproductive talks with the group's management.

The bankers then approached the Bank of England for help. Lord Benson, then adviser to the Bank's governors on industrial matters, suggested both a new chairman and an aggressive borrowing reduction programme for the company.

Lord Benson recommended Sir Francis Tombs, then chairman of the Weir Group, for the top job at Turner & Newall. Sir Francis joined the Manchester-based company last November. In February of this year, the group's banks, led by National Westminster, reached agreements on terms which guaranteed their support during a two-year programme of reconstruction.

Turner & Newall will report interim figures for 1983 tomorrow. Last year it reported a loss of £19.3m at the pre-tax level, and an attributable loss of £71.8m.

The Bank of England also provided assistance to both the Weir Group and Stone-Platt, the textile machinery and engineering group which went into receivership in March, 1982. The Bank yesterday stressed that this type of assistance never involved funds of its own.


Sir Francis Tombs: invited to head the company

"We carry on a continuing monitoring exercise of the industrial sector," a Bank spokesman said yesterday. "Sometimes we approach a company's principal banker; sometimes they approach us. What the Bank can do will vary enormously from company to company."

Turner & Newall avoids collapse, Page 10

Fuel price war breaks out as UK demand for oil slumps

BY RAY DAFTER, ENERGY EDITOR

DEMAND FOR oil products in the UK has fallen to the lowest level since 1965 and fierce pricing competition has broken out in the industrial and commercial fuel sectors where oil companies are fighting to maintain their market shares.

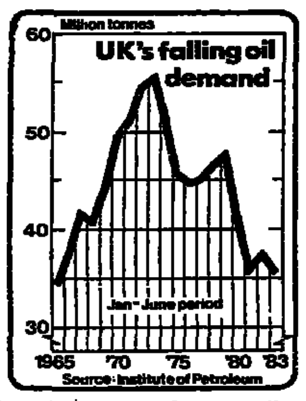
The Institute of Petroleum reported yesterday that demand for refined products in the first half of this year totalled 32.6m tonnes; 5.4 per cent down on the level in the corresponding period last year and 40 per cent below the peak of 1973.

The oil industry was particularly hit by the depressed demand for heavy fuel oil and gas oil used predominantly by industry and commercial undertakings. The economic recession, conservation measures, a mild winter and a switch by some fuel users to coal and natural gas are seen as the main reasons for reduced oil consumption in these sectors.

On the other hand, the institute pointed out that demand for petrol reached its highest January-June total of 9.5m tonnes; an increase of 2.8 per cent on the same period last year. Naphtha, used largely in the chemical industry, was also in more demand; deliveries in the first six months totalled just over 2m tonnes – up 13.6 per cent on the 1982 January-June period.

Demand for gas oil, together with diesel oil used in stationary engines, fell to less than 5.6m tonnes in the first six months of this year; 6.1 per cent down on the January-June period last year. The drop has resulted in a scramble for sales reflected in price discounts now being offered by oil companies.

John Hall Associates, fuel pricing consultants, consider that many companies are now paying less than 16p a litre for gas oil as against the 24p – 26p schedule prices being quoted by refiners. As a result of this discounting, the prices being paid for gas oil are little different from those of August/September last year and 1981.



Thatcher to inaugurate Europe's northernmost offshore oilfield

BY MAURICE SAMUELSON

MRS MARGARET THATCHER, the Prime Minister, will this morning inaugurate British Petroleum's £1.3bn Magnus field in the North Sea, the most northerly and deepest-water oilfield in Europe.

At a ceremony at BP's London headquarters she will activate a radio signal which will unveil a plaque aboard the Magnus field platform, 125 miles north-east of Shetland.

It will coincide with two other ceremonies – on the platform itself and at BP Petroleum Development near Aberdeen. The ceremonies will be linked by television, transmitted live by satellite and projected on to large, elevated screens at the two locations.

Development of the Magnus field is likely to prove a watershed in the exploitation of Britain's North Sea oilfields. Its recoverable reserves are put at 565m barrels, up to ten times larger than future commercial fields on the UK Continental Shelf.

Magnus, which was discovered in 1974 and lies in 613 feet of water, began producing 15,000 barrels a day on August 14, and is due to reach 120,000 b/d and 9,000 b/d of gas liquids. The oil is piped via the Ninian field to the Shetland terminal at Sullom Voe.

The Magnus platform, which weighs 70,000 tonnes, is said to incorporate the largest single-piece steel structure ever built.

Mrs Thatcher's presence at BP comes at a delicate time in the relations between the company and the Government. The Government is to raise revenue by selling £500m worth of the company's shares, while BP plans to raise about £260m by selling 12.5 per cent of its heavily taxed stake in the Forties field.

Survey, Pages 13-16.

Oil from rubbish scheme on trial

By Maurice Samuelson

A METHOD OF converting urban refuse into oil has been proved chemically feasible and is to be tested for commercial production.

The process, patented by Greater Manchester Council, will undergo commercial feasibility tests by SimChem, a Stockport-based subsidiary of Simon Engineering. The results are expected in about 18 months.

The Manchester authorities have committed £750,000 to the process, which has been tested by scientists at the University of Manchester's Institute of Science and Technology and by the Salford University Industry Centre.

Worldwide interest has been shown in the scheme and SimChem was selected from more than 20 companies, including several based in the U.S. and Europe, who approached the Council.

Raw municipal rubbish contains about 50 per cent organic material which has to be separated from non-organic waste such as metals and glass. It can then be converted into oil with the help of a solvent and nickel catalyst. The advantage of the GMC's process is that no other feed material is needed.

● *BRITAIN has agreed a joint* contingency plan with Norway to combat oil spills in the North Sea. It would be brought into operation in the event of spillage 50 miles either side of the median line dividing the countries' continental shelves.

● MR NEIL KINNOCK, leading candidate in Labour's leadership election, urged the Government last night to set up an independent inquiry into the best use of Britain's remaining North Sea oil resources. Mrs Thatcher's policy of squandering oil resources had brought Britain to the brink of a new economic disaster, he claimed.

● HARLEY DAVIDSON, the U.S. motorcycle maker, has held exploratory talks in the UK on the possibility of reopening the failed co-operative venture which manufactured the Triumph motorcycle. Harley Davidson is at present talking to *Japanese manufacturers* about loan guarantees to help the company bring forward a new range of products.

● DELAYS are feared in the completion of a second and final report for the Department of Trade and Industry on investor protection. Drafting of a key passage on the regulation of life insurance companies and the intermediaries which sell their products has run into difficulties with the European Community. It is understood that an original draft has been judged to be illegal in terms of EEC legislation.

● LONDON INSURANCE brokers Stewart Wrightson (Aviation) paid $26.8m to Korean Airlines yesterday for the loss of the jumbo jet shot down by the Soviet Union two weeks ago. The payment was made against the airline's war risk insurance and represents 76.64 per cent of the risk which was insured by Stewart Wrightson with underwriters.

● THE NEWSPAPER SOCIETY, the publishers' association for provincial newspapers, has decided "to study specific ways in which the qualities of the traditionally paid-for press can be enhanced through combined promotion with free newspapers." There are now about 550 free newspapers and 246 are published by members of the Society.

SOCIAL DEMOCRATIC PARTY CONFERENCE

Unions 'prepared to consider reforms'

BY IVOR OWEN

THE SOCIAL Democratic Party (SDP) is claiming success in persuading trade union leaders to consider the party's proposals for reforming labour legislation.

Mrs Shirley Williams, the party's president, told the SDP conference yesterday at Salford, Lancashire, that a positive response had been received from 15 trade unions. It was welcomed by delegates as a significant achievement. She did not name the unions but they are understood to include the engineering workers, civil servants and local government workers.

She said that these unions were not about to break their links with thie Labour Party but had indicated their willingness to put to their respective executives the SDP's proposals for modernising and strenthening trade union practices.

Mrs Williams welcomed the events at Blackpool last week when a majority of moderate union leaders were elected to the TUC General Council.

She declared: "The historic turning point in the political structure of our country was that a very sizeable and growing number of trade unionists started to respond to the wishes of their members. They are shaking off the bonds that bind them exclusively to the Labour Party."

Mrs Williams claimed that the great majority of trade union members had "rumbled" Labour. They voted SDP, Liberal or even Conservative.

She said it was not only the trade unions who needed to loosen their links with a single political party.

Many Social Democrats were involved in every level of industry, some holding senior posts, and she looked to the CBI to find ways of talking to other parties in the political spectrum.

Mrs Williams said there was a need to develop an incomes policy with wider implications for the private sector than seemed to be envisaged by Dr David Owen, the party leader, when he made his keynote speech 24 hours earlier.

She believed that responsible trade union leaders would want to discuss an incomes policy which reflected the need to ensure that bargaining muscle was not used in a way which resulted in the unemployed having to take second place to inflationary wage settlements.


Mrs Shirley Williams

Mrs Williams emphasised: "It is no good to talk about an incomes policy if what one means by that is that the dividends of restraint go entirely to shareholders."

She also advocated the introduction of flexible work patterns which would enable an Alliance government to guarantee a core of paid employment for every man and woman in Britain who wanted to work.

They would be given the opportunity to undertake paid employment for 15 to 20 hours a week and be entitled to unemployment benefit to supplement their part-time earnings.

Mrs Williams suggested that there was great scope for creating the new jobs needed to implement such a guarantee. She cited renewal of roads, sewers and other essential services, as examples.

The recabling of Britain could be undertaken at the same time as the work needed to complete the electrification of the railway system.

Merrill offers £300,000 for UK analysts

By Our City Correspondent

MERRILL LYNCH, the U.S. investment house, is offering up to £300,000 in its efforts to recruit top analysts in London stockbroking firms to its international research department.

The move is designed to restore the international research department in London and New York to its former staff establishment levels after staff departures. In New York, five out of seven of the team have left recently, while in London two of a four man team have left.

Analysts in stockbroking firms Capel Cure Myers and Scrimgeour Kemp-Gee and James Capel are understood to have been approached. So far no one has been appointed although discussions are taking place with a number of possible candidates.

Insiders at Merrill Lynch discounted suggestions in London that the recruitment drive had anything to do with a major thrust by the group into buying large stakes in UK stockbroking firms.

Royal Worcester shuns £19.8m takeover bid

BY CHARLES BATCHELOR

ROYAL WORCESTER, the Spode fine china manufacturer, yesterday rejected a £19.8m all-share bid from Crystalate, a manufacturer of electronics components.

The bid, aimed mainly at Royal Worcester's large Welwyn Electronics subsidiary, could lead to its ceramics businesses being sold off or floated on the stock exchange or on the Unlisted Securities Market (USM).

Royal Worcester is expected to concentrate its defence on the fact that Crystalate's share offer is not underwritten and is not backed by a cash alternative. Royal Worcester's shares rose 40p yesterday to a new 1983 high of 315p, valuing the company at £21.3m, compared with the 292p per share value of the bid. Crystalate fell 4p to 162p, for a market value of £24.5m.

Welwyn accounted for 44 per cent of Royal Worcester's £2.3m operating profit in the year to January, and for the same percentage of its £49.6m turnover.

The most recent figures for Royal Worcester showed that it made a pre-tax profit of £404,000 in the six months to July on turnover of £25.5m.

Crystalate made pre-tax profits of £1.4m in the six months to March on turnover of £11.5m. Royal Worcester employs about 3,500 people, compared with 1,200 at Crystalate.

Mr John Leworthy, chairman of Crystalate, said: "The bid is a big chunk for us, but you have to look at Worcester as two parts. If Welwyn were for sale I think the logic of the merger would be more readily apparent in size terms. It is fogged a bit by the china situation."

He said there were four options for the ceramics interests – sell them, possibly to a competitor, retain them, float them on the USM or the stock market or arrange a management buy-out.

Crystalate is offering 19 of its own new shares and £16 worth of 8¼ per cent convertible unsecured loan stock 2003 at par for every 16 Royal Worcester ordinary shares.

SDP likely to eclipse Labour, says Shore

BY KEVIN BROWN

MR PETER SHORE, Shadow Chancellor of the Exchequer and candidate in the Labour Party leadership election, gave a clear warning yesterday that he believes Labour is in danger of being eclipsed as the main opposition party by the SDP.

In a gloomy speech to party workers in Dudley, Mr Shore warned that Labour would be finished unless squabbling in the party was stopped.

He pinned the blame for Labour's disarray firmly on the "Maoist Red Book excesses" of the "cultural revolution" of 1979 to 1981, when the Left secured major changes in the party constitution.

Mr Shore's speech was largely a response to the exposition of the meaning of social democracy by Dr David Owen, SDP leader, at that party's conference in Salford.

Mr Shore said Labour could no longer have any illusions about Dr Owen's strategy, which was to maintain the SDP's independence in the hope that it would attract another substantial defection of Labour MPs.

His warning of impending doom and uncompromising attacks on the Left will increase his reputation for straight talking. But they are unlikely to resuscitate his flagging leadership campaign, in which he trails well behind Mr Neil Kinnock and Mr Roy Hattersley.

Mr Shore said Labour must categorically reject "the defeatist Marxist/Leninist doctrines and their advocates, who insist either that command socialism is morally superior to our own democracy, or that conflict and violence, not persuasion and reason, offer the only path to socialist success."

He urged the party to face and overcome the obstacles to power "not only in hostile institutions at home and abroad, but in our own ranks as well."

Labour's traditional message would win back the 3.5m voters who turned to the SDP in the general election, and "confound and defeat the evil, neurotic and misguided but highly vocal minorities whom we have, to our great loss, recruited," he said.

UK NEWS

Decision soon on 'short and broad' warships design

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT is expected to decide within the next few weeks whether to finance further development of a controversial new warship design.

The design, known as the S90, is for a warship which would be short and broad, compared to the long, slim lines of traditional warships. It has been proposed by private ship designers, Thorneycroft Giles and Associates, as an alternative to the Type 23 frigate.

Mr Geoffrey Pattie, Minister of State in charge of Defence Procurement, and Admiral Sir Lindsay Bryson, Controller of the Navy, watched a demonstration of a scale model of the S90 hull design in Portsmouth harbour on Monday, during the Royal Navy Equipment Exhibition.

The immediate future of the S90 design is likely to be determined following a key Ministry of Defence meeting to be held tomorrow. Under the chairmanship of Mr Ian Stewart, junior minister in charge of warship building, naval procurement and operational staff will assess independent tests which have been carried out on the S90 over the past few months.

Ministers will consider their findings – and the replies given to their questions by Thorneycroft Giles who will be present – and decide whether to sign a £1.5m–£2m contract for further definition of the S90 project.

The S90 concept has provoked considerable hostility in the navy, where it is criticised for its sea-keeping qualities in particular.

Mr David Giles, director of Thorneycroft Giles, maintained yesterday that extensive tests over the past few months had validated his company's claims for the vessel. The performances of scale models of a traditional Leander frigate and the S90 were compared in the tests.

The MoD agreed to study the S90 design about a year ago as a possible alternative to the Type 23. But confusion now concerns its possible future following remarks at the equipment exhibition at the weekend by Admiral Bryson.

The Admiral, who is in charge of the navy's equipment programme, said the Type 23 frigate, which has been designed along traditional lines and is to cost at least £100m a ship, is to go ahead. The first order of "at least eight" would be placed next year, he said. This would seem to rule out the S90 as a possible alternative.

However, Admiral Bryson also said the navy was considering building smaller warships, somewhere between the size of frigate and a coastal patrol craft, in an effort to keep up the number of ships in the navy and to take account of financial constraints. The short, broad concept could be among those considered for this new type of warship, he said.

The Admiral believes the move towards smaller ships is an indication of the Navy's flexibility, and takes account of lessons learned last year during the Falklands war. He has also indicated that a further factor is the possibility of overseas sales. It is nearly 15 years since Britain exported a new warship.

Time running out for Ulster informers

BY BRENDAN KEENAN IN BELFAST

Use of "supergrasses" had markedly reduced the level of violence in Ulster, Mr James Prior, Northern Ireland Secretary, said yesterday. Interviewed on BBC radio he insisted that there was no pressure on the Royal Ulster Constabulary to use informers. Police had to obtain permission from the Director of Public Prosecutions (DPP) before a case based on uncorroborated evidence could be brought to trial. The DPP and an independent judiciary guaranteed defendants a fair trial, he added.

ULSTER security forces are engaged in what may turn out to be a race against time in their use of the controversial "supergrass" technique. The question is whether the police can smash the morale and organisation of para-military groups before legal, political and even moral pressures curtail the use of supergrasses (informers).

So far, the Royal Ulster Constabulary (RUC) seems to be well ahead. About 300 people are in custody as a result of information from more than 20 supergrasses. The organisation of the Protestant para-military Ulster Volunteer Force has virtually been smashed, while the chairman and political spokesman of the Ulster Defence Association are on bail on firearms charges.

One of the strongest advocates of the use of supergrasses is Sir John Hermon, the RUC chief constable. Sir John calls them "converted terrorists," and argued in his annual report last March that their emergence was a healthy trend from which Northern Ireland had benefited immeasurably.

It is easy to see why the issue is so important to the police. The information not only leads to convictions, but provides invaluable intelligence information about the methods and personnel of para-military groups. More to the point, it has had a catastrophic effect on their morale.

The Irish Republican Army (IRA) has always fed on the legend that its members rarely broke ranks and that those who did would be *pursued to the ends of the earth. Many* people have been killed just on suspicion of giving information. Now, it seems, informers are everywhere.

And they are coming from all levels of the organisation. The RUC now believe they have an informant who was a senior member of the IRA for at least the last three years, and who can lead them to the leaders of the organisation – the men who rarely carry a gun and never plant a bomb.

One explanation given for the rising number of informers, is the apparently endless nature of the Ulster troubles. Many of those who have turned Queen's evidence have already spent time in prison. Under Northern Ireland's 50 per cent remission system, they faced serving the rest of their sentence before beginning any fresh sentence which the courts might impose for their subsequent offences.

As against that, the police can offer a new identity, protection, and a home for the informant and his family in a secret location. There are also persistent reports that large sums of money are offered, but the RUC denies this.

There is reliable evidence that RUC officers are now on the look-out for likely supergrasses who might be persuaded to give evidence.

Once they find one, an extraordinary sequence of events begins. The informant's family and *belongings are taken into police protection* to stop them being held as hostage.

In Castlereagh interrogation centre, outside Belfast, the informant confronts each of those against whom he has made allegations. RUC detectives, who are now among the most experienced interrogators in Europe, quiz him for every scrap of useful intelligence.

Afterwards, he stays under police protection in a secret hideout.

Such goings-on are bound to produce unease. Fr Dennis Faul, a veteran civil liberties campaigner, talks about the damage done to close-knit Catholic communities, where the families of informants become the object of hostility from the families of those they have named. The political effects are harder to quantify – although protests about the use of supergrasses are increasing.

The Catholic and Protestant Bishops of Londonderry have issued a joint statement criticising the supergrass system; Lord Gifford, the civil liberties campaigner, is to conduct an unofficial inquiry and the Labour MP, Mr Martin Flannery, has joined in the criticisms.

Sinn Fein, the political wing of the IRA, is organising demonstrations against what it calls "show trials," and even Mr Ian Paisley, the Protestant leader, has complained.

For Loyalists, the main worry is that the supergrass technique gives immunity to people who may have committed serious terrorist crimes.

Lawyers themselves are worried about the value to be placed on the evidence of accomplices who have the incentive of a new home and a new identity far from the revenge of their ex-colleagues. Terrorist cases are heard in Northern Ireland without a jury, and judges must "warn themselves," as they would a jury, about the dangers of such evidence.

At the moment, judges seem prepared to accept the role of the informant. The RUC were particularly pleased by a case earlier this year, when 14 men were convicted on charges relating to Ulster Volunteer Force activity on the evidence of an informer, Joseph Bennet. More recently most of the 32 people charged with IRA offences on the word of Christopher Black were convicted.

The emergence of Sinn Fein as an electoral force means the main nationalist party, the Social Democratic and Labour Party (SDLP), is less vulnerable to Republican pressure and so far it has stayed out of the supergrass argument. If the system becomes genuinely unpopular, however, it would be forced to intervene.

The biggest danger might be to the tentative steps being taken by the Irish judiciary to extradite terrorist suspects across the border. The judges might be wary of such action where supergrasses are involved.

The argument between means and ends has been central to Ulster security policy for more than a decade. Internment had the advantage of leaving the legal system untouched, but proved a political impossibility. The "deep interrogation" techniques in the mid-1970s gave rise to straightforward police brutality.

Now the supergrasses could threaten the reputation and integrity of the courts. The use of bills of indictment to avoid the need for preliminary inquiries has already been criticised on those grounds.

RUC officers argue that informants are an acknowledged part of the fight against crime in other countries. They point to the use of grand juries in the U.S. against the Mafia, and the Italian campaign against the Red Brigades. Liberal opinion in Britain, they feel, does not appreciate the difficulty of fighting organised subversion, as distinct from criminal behaviour.

"We are putting the right people away," says a government official, defending the supergrass policy.

There is tentative evidence for his assertion in the security statistics, which show a marked drop in deaths and injuries. In the first six months of this year, 29 people were killed, as compared with 97 in the whole of last year. This year, 164 people have been injured, compared to 525 during 1982.

The greatest advantage of informants could be the effect they have on recruiting a new generation of activists. A cherished myth has been destroyed and, besides, who wants to join an organisation where one's comrade on a mission may end up giving evidence against one in the dock?

The stakes are high. A senior policeman spoke of the prospect of making it impossible for para-military organisations to function. It has always seemed a pipe-dream until now, and those who oppose the use of supergrasses will have to explain how else it could be done.

Unionist criticises mission to U.S.

By Our Belfast Correspondent

A MISSION from Northern Ireland which is due in the U.S. next week to seek industrial investment ran into unwelcome controversy yesterday.

Mr James Molyneaux MP, leader of the Official Unionist Party, said the all-party label attached to the mission was "bogus" because neither he nor the party was formally invited.

He claimed that while the Rev Ian Paisley, leader of the Democratic Unionist Party, and Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour Party, were asked to join the trip, the Official Unionist "representative" had been invited in a personal capacity to deal with terrorism matters.

Mr Paisley and Mr Hume are taking a political risk by agreeing to appear together in the U.S. It is likely they will face tough questioning about their failure to reach a political accommodation, when they are in Washington on Monday.

The non-government mission includes bankers, academics, trade unionists and industrialists as well as the representatives of the four main parties.

Prof Desmond Rea, the group secretary, said no disrespect was meant towards Mr Molyneaux or Mr Oliver Napier, leader of the non-sectarian Alliance Party, neither of whom were invited.

He said the politicians were asked on a personal and individual basis, taking account of their party affiliations and the geographical areas they represented.

Seal campaigners plan Canadian fish boycott

FINANCIAL TIMES REPORTER

IMPORTERS of Canadian fish products, salmon and white fish, are being threatened by plans to organise a boycott of their branded products.

The threat comes from the Seal Protection Group (UK), a lobby associated with the International Fund for Animal Welfare, a conservation body.

The campaign for a boycott will be backed by a $1m advertising programme in national newspapers, including the Daily Mirror and Daily Mail. This will focus attention on the Canadian seal cull in March each year.

A two-year EEC ban on the import of baby seal skins to Europe, which has damaged Canadian exports, ends in 1985. The SPG is seeking further protection after that date.

The International welfare fund intends to extend the boycott to the U.S. consumer market if there is a Canadian seal cull next March.

In the past seven days UK importers of Canadian fish products have been sent postcards by fund members pledging their support of a boycott.

Nine leading UK importers are: Ross Foods, Birds Eye Walls, S & W Berisford (Foods), Young's Seafood, John West Foods, Princes Foods, Findus UK, B & A Britton, and Clouston Foods.

LancerBoss finds an ideal partner

BY PETER BRUCE

IT TOOK about two years of serious courting for LancerBoss to bring home a bride. Looking back over what could best be described as romantic skirmishes with Fenwick and Matral Saxby in France, Coventry Climax in the UK and parts of Eaton in the U.S., the takeover of Germany's Steinbock, announced yesterday, seems oddly appropriate.

In a highly fragmented industry, fronted by at least 12 major producers, all of which are in deep trouble, it was not difficult to ignore Steinbock as a possible partner for LancerBoss, whose specialist lift trucks have enabled it to work through the recession with one of the strongest balance sheets in the industry.

Steinbock, ranked about 25th in world lift truck sales, with a turnover last year of about DM 140m, has been overextended for years. Borrowings amounted to DM 55m at the time of the takeover, representing a gearing of about 300 per cent. It had built up a reputation for leading price cutting in Germany, Europe's biggest market.

The Bavarian government, convinced that the company had a limited amount of time left in business, had begun to despair of the political implications of about 1,100 people losing their jobs.

At the first approach, in April this year, LancerBoss was turned away, but it was when Steinbock and its bankers, including Hypo-Bank and Amex, took time during the slack holiday period to try to project activity for the second half of the year that the banks dug in their heels.

Mr Neville Bowman-Shaw, LancerBoss chairman, found himself in the enviable position of being offered a manufacturer on the sort of terms that he, as one of the early prophets of worldwide lift truck rationalisation, used two years ago to illustrate the perfect deal.

Steinbock had already drawn up a "social plan" under which the 1,100 personnel at its two plants would be reduced to 840: the German producer makes precisely the range of small to medium-sized lift trucks that LancerBoss wanted to complement its own heavy, specialist products, and he had the support of government at the receiving end – in this case the Bavarian authorities.

Mr Bowman-Shaw, who believes, along with many others in the industry, that the world has the capacity to produce about twice as many lift trucks as it needs, is certain to take Steinbock's rationalisation even further. The smaller of the two Steinbock plants, at Roding, near the Czech border, will go, with some production being transferred to the main plant at Moosberg, conveniently sited close to Munich's international airport.

The biggest transfer of production, however, will probably involve the LancerBoss plant at Leighton Buzzard, Bedfordshire, picking up the heavier end of the Steinbock range, probably trucks of more than 4 tons. Mr Bowman-Shaw made it clear yesterday that he wanted no duplication of production.

Whether Mr Bowman-Shaw will be able to turn Steinbock around by the second quarter of next year depends entirely on the state of the market. Steinbock's order book is now more healthy than it was in 1979, before the West German market, the biggest in Europe, plunged 28 per cent in volume in 1981 and a further 28 per cent last year.

But Steinbock, the third biggest German producer behind Linde and Jungheinrich, owes its present order position to a single client, the West German army. LancerBoss is clearly laying great store by the military order, for well over 100 vehicles, leading to others from Nato.

The West German market as a whole is beginning to pick up from the low of 11,500 units sold last year, but recovery is expected to be slow, and with about 28 manufacturers, on average, reckoned to be competing for each order in Europe, margins are likely to remain precariously slim.

The rest of Europe shows precious little sign of recovery. The UK market, which picked up about 15 per cent in volume in 1982 over 1981, has not moved at all this year according to one leading producer. The French market, which also showed signs of recovery last year, has fallen back again this year.

The purchase of Steinbock is probably the clearest indication yet of the scale of retreat in the lift truck industry. More numerous signals have, *however,* come this year from the U.S., where Eaton Corporation has tried, with partial success, to remove itself from the industry.

AUSTIN ROVER

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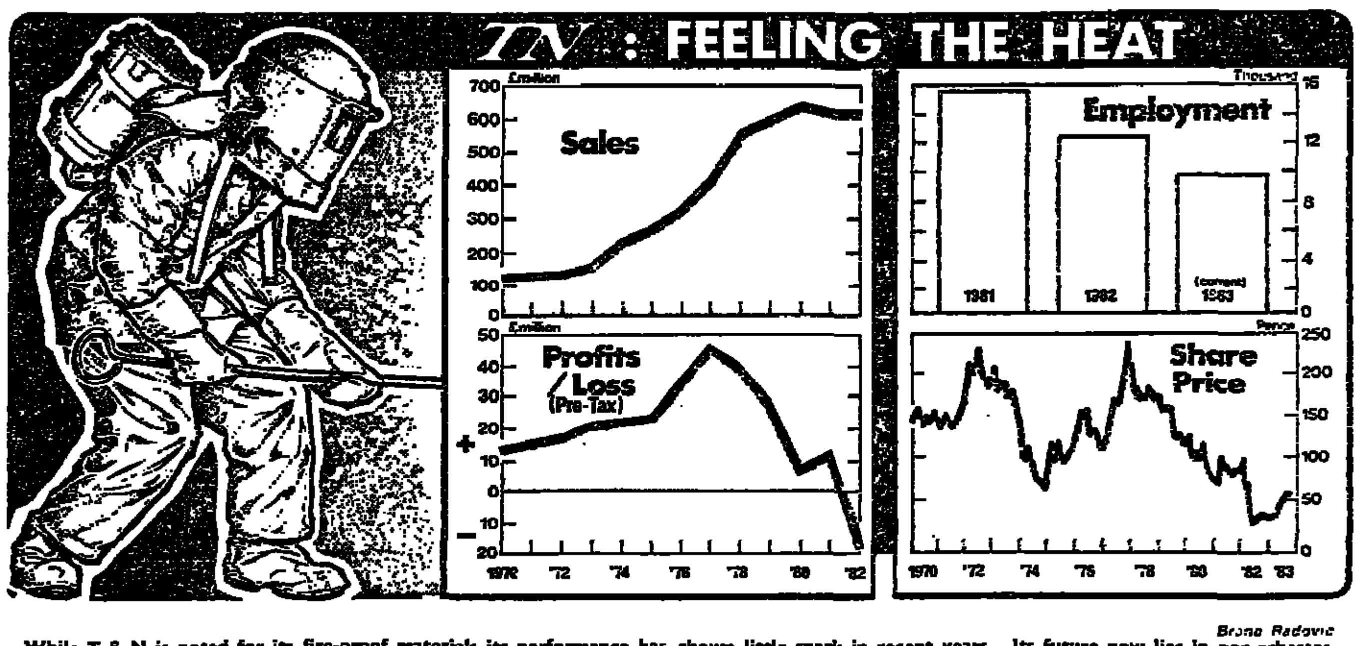
THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Bruno Radovic

While T & N is noted for its fire-proof materials its performance has shown little spark in recent years. Its future now lies in non-asbestos products

Sir Francis Tombs: "Well placed in the recovery ward."

Self-service at Turner & Newall

Carla Rapoport describes how the UK industrial products group, which a year ago plunged into heavy losses, was brought back from the brink of collapse

IT'S THE chairman who clears your plate following lunch at Turner and Newall these days. The formal waitress service in executive dining rooms has been scrapped. Lunch is strictly a self-service affair, which means that guests are now courteously served by the nearest board member.

But the changes which have been made at Turner and Newall in the last year are more than just cosmetic. Only 11 months ago, its bankers were in talks with the Bank of England on methods for averting the company's collapse. Tomorrow, the Manchester-based company should report a surprisingly healthy return to profit.

T & N, still the largest producer of asbestos-based products in Britain, still faces very severe problems. Even so, its past year proves that a huge UK group teetering on the edge of disaster can at least be pulled back from the brink.

T & N was in danger of toppling over for two reasons. First, its substantial borrowings were producing interest charges which sluggish trading profits simply could not meet. Second, and this gave bankers even weaker knees, was the fear of growing claims for compensation from former UK and U.S. workers who had contracted mesothelioma, a deadly form of cancer, or asbestosis, a painful lung disease, caused by breathing asbestos dust.

These two factors helped to push T&N's share price to a low of 23p last summer, giving the company with £600m in sales a year a market value of about an eighth of its net worth. Customers, suppliers, and employees right up to board level began to lose confidence. Efforts to sell Ferodo, the company's well-known but heavily depressed brake pad company, undercut confidence further. Markets for T&N's wide range of industrial products—from gaskets to fireproof textiles—seemed to be slowly melting away.

By October, a major supplier refused to grant the group any more credit and insisted on cash. The steamroller which has flattened bigger names than Turner & Newall looked like beginning to roll.

It is understood that a group representing the 18 banks—collectively owed more than £100m—approached the Bank of England around this time for help. "The situation was that the banks were not prepared to continue lending and did not see the company getting out of its strait-jacket," says one executive close to the negotiations.

Lord Benson, at that time an advisor to the Bank's governors on industrial matters, agreed with the banks that a change in top management was necessary. Stephen Gibbs, the group's 62-year-old chairman was not moving fast enough to correct the group's troubles. Capable managers underneath him were also thought unsuitable for promotion because of their association with the group's dismal image in the City.

Lord Benson's choice for the job was Sir Francis Tombs, then still working on getting The Weir Group to rights. Sir Francis, a former chairman of the Electricity Council, was meant to spend a limited time as chairman of the troubled Scottish engineering group and ultimately hand back the job to Lord Weir.

A friendly man who isn't afraid of a good fight, Sir Francis, 59, warmed to the new offer swiftly. He negotiated with T & N's bankers one of the most impressive compensation packages yet seen in the City and joined T & N in late November. His deal is tied to performance. If Sir Francis can keep T & N shares over 50p for three years, he is set to collect some £540,000 on top of his £80,000 salary. Prudential Assurance, which holds just under 5 per cent of the group's shares, also tossed in a sweetener in the form of an option on 500,000 shares at around 30p each to be spaced out over the next three years.

"They wanted me to do a job, so I thought they should pay for it," says Sir Francis with a grin. He has reason to smile; within months of his appointment, the shares began steadily to gain in value. They have been comfortably over 50p since the second quarter of this year.

The group's morale and image obviously responded quickly to the arrival of a new face and name at the helm. Given the company's overwhelming dependence on sales to the automotive, construction and engineering businesses, however, Sir Francis's chances for success during the next few years appear less than watertight. Even so, his record with T & N to date is impressive.

There is nothing very sentimental about Sir Francis. Within days of his appointment, he shut up the group's Manchester headquarters and its lavish London offices in Curzon Street. He then proceeded with the sale of the group's stake in Hunt Chemicals, the U.S. speciality chemical group which had been the remaining jewel in T & N's crown.

"The crown was made of paste," claims Sir Francis. By eliminating the tax charge and the interest saved by disposing of its U.S. borrowings, Sir Francis reckons that the sale of Hunt gave a net gain of £2.5m to the group's profit and loss statement this year.

"I had no addiction to Hunt. It was capital hungry and its management was in the U.S. It was an unfamiliar market to us. Yes, it made money, but in a very exposed market," he says.

"We are left in mature industries," he agrees, "but we will be driving cars and building houses in the years to come. These are also low-risk industries. We just haven't been doing very well in them. We have to get better," he says.

Which brings Sir Francis to a topic he isn't shy about—asbestos. Only a year ago, his predecessor spoke of a need to restore the public's faith in the substance. Today, Sir Francis admits freely that the battle is over. "Asbestos concerns are here to stay. It is not our job to convert the public. We have to respond to what the public wants . . . we have to follow the marketplace."

A candid nature, however, cannot erase deep-seated problems. Asbestos-based products still account for around half of the group's sales. Although the group is a recognised leader in the field of asbestos replacements, the conservative building and engineering industry has been distinctly wary of the new products.

Asbestos, for all its faults, is a remarkably tough, versatile product. So far, T & N has had to buy or develop a total of nine fibres to do the jobs which asbestos had been doing.

"We've had non-asbestos flat sheets (used in roofing) since 1978, but the pressure from outside was not enough to make contractors change," says Harry Hardie, a T & N board member. Sales of this product are now moving up nicely. But in other areas, T and N has had aggressively to market its new products on the basis of price and performance, as opposed to safety.

Still, Sir Francis insists the group's goal is to halve its use of asbestos in two years. Within five years, it expects non-asbestos products to account for all but 15 per cent of its sales.

The worth of this prediction will be proved when T & N begins to sell non-asbestos corrugated sheets (also used in roofing) to the building industry. The group admits it's a challenge. "Have they stood outside on top of a building for 30 years like the old sheets? We are doing simulated testing but its up to us to prove they are just as good as the old ones," says Mr R. Somerville, another board member.

As for the claims from former workers, Sir Francis feels that fears have been overblown. Although payments this year will go up slightly, he says that the number of claimants in the UK has stabilised. Stricter safety measures taken in the 1960s and 1970s should mean that the numbers of claims will drop sharply in about 10 years' time, he adds.

In the U.S., action has been taken to speed up settlements and reduce legal costs. The large numbers of American cases, he says, obscure the fact that the vast majority have no substance. One T and N subsidiary in the U.S., Flexitallic, has 1,400 cases against it, has paid more than $100,000 in legal fees, but has yet to be found liable for a single dollar in damages.

Sir Francis has continued the work of his predecessor on cutbacks and cash control. Employees now number about 9,700 in the UK, compared with around 23,300 in 1979. Significantly, the jobs of both managing director and public relations officer have gone with those cuts, while some four divisional chiefs have been replaced. One cut he does not plan to make, however, is the sale of Ferodo. "We have to stick with what we know," he says.

The new chairman has also instituted a monthly reporting system for all 40 divisional chiefs, replacing a cumbersome quarterly system.

"They are powerful mind concentrators," says Sir Francis. The reports are now due nine days after the close of a month.

The group's Zimbabwe assets may prove a thornier problem for Sir Francis. T & N has been negotiating for some time with the Zimbabwean Government on methods for selling it some of T & N's equity in its asbestos mines. To Sir Francis's surprise, both sides had been using the same merchant bank. This situation has now been rectified but it is unclear when, if ever, T & N will realise any cash on the deal.

In the meantime, employment at the Zimbabwean mines has been honed down by 17 per cent and stocks have been reduced from nine months supply to six.

At the Weir Group, Sir Francis had defined goals of reducing borrowing, securing a credit agreement with the group's banks and seeing three consecutive dividend payments made, when these had been achieved, he felt ready to leave. At T & N he has different feelings.

"I'll take the board's view at the end of three years," he says, implying that a positive view would be more than welcome.

Few blame Sir Francis for the downturn recently announced by The Weir Group. Nonetheless, the sobering announcements a few weeks ago of a 40 per cent fall in pre-tax profits for the first six months of 1983 and a halving of Weir's interim dividend has served to remind Sir Francis of the difficulties ahead.

"He doesn't have a magic wand," cautions Martin Bell, the group's respected finance director whose beard has gone from black to grey in the last two years.

Even so, Sir Francis seems positively to thrive on the challenge ahead of him. "Out of the woods? Oh, no," he exclaims, "T & N has lots of problems. Let's just say it is well placed in the recovery ward. It is convalescing nicely."

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Shop usage

We are established ethical retailers living over the shop in a very traditional town trading area. With the support of the local council we opposed the opening of an adjacent video parlour.

The case went to appeal and after a public hearing the Minister ruled in favour of the appellant but subject to strict conditions including retaining the shop front, restricted hours of opening, soundproof construction and no gaming machines. The Minister's conditions are gradually being eroded, gaming allowed with council consent, no soundproofing, hours extended. Has the council the right to allow variation of the Minister's conditions or does his ruling have the force of law and should remain inviolate?

When the local council allows variance of the ruling should we appeal to the Minister to enforce his own ruling or must we take other action?

It is up to the Council (as planning authority) to enforce the conditions. You can only press the Council to do so and, if nothing is done, lobby local councillors or mobilise local opinion.

Escrow account

Could you tell me just what is an escrow account? If monies in it are still deemed to be part of the assets of the company in liquidation, which opened it, is there some appropriate action to take?

The term escrow account, although commonly used, is more apt in American jurisdictions than in England where escrow is, technically, used to *denote a deed delivered on condition*. What matters is that the account is held separately from the general assets of the company and in a form which shows that claims are likely to be made that the money in the account was held by the company on trust. If this were not done and the money were added to the general assets of the company the appropriate course would be to take out a summons in the liquidation for a declaration that the money in question is not part of the general assets.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Brazil's oil exploration starts to pay off handsomely

By Andrew Whitley in Rio de Janeiro

WHEN BRAZILIAN officials talk about the reasons for their country's acute balance of payments problems they invariably cite the two oil price "shocks" of 1973-74 and 1979 as a prime cause of present difficulties.

The facts are undeniable: whereas in 1972 crude oil represented 10 per cent of the country's import bill, a decade later it made up over half. What they neglect to mention is that in the five years after the first, great upward leap in Opec prices Brazil's domestic oil production actually declined, at a time when consumption was rising significantly.

Only in the last five years have Brazil's hydrocarbon resources been given the attention they deserve. But even in this short span of time the results have been impressive. This year's anticipated average production of crude oil, of 340,000 barrels a day (b/d), is double the output of 1973.

The substitution of imported oil by domestic crude and alternative energy sources has been a top priority for some time now. But it is really only since the onset of the country's foreign exchange liquidity crisis a year ago that recent investments in exploration and production have come into their own.

Every additional barrel produced at present represents a saving of $29 at today's prices on the import bill, and thus an equivalent reduction in the foreign loans needed to fund Brazil's current account deficit.

BRAZIL'S MAJOR OILFIELDS
(Figures in barrels per day)

1	Carmopolis (Sergipe/onshore)	22,400
2	Garoupa System (Rio de Janeiro/offshore)	18,400
3	Bicudo (Rio de Janeiro/offshore)	17,000
4	Pampo (Rio de Janeiro/offshore)	15,900
5	Ubarana (Rio Grande do Norte/offshore)	15,100
6	Namorado (Rio de Janeiro/offshore)	14,600
7	Bonito (Rio de Janeiro/offshore)	14,100
8	Linguado (Rio de Janeiro/offshore)	†13,600
9	Miranga (Bahia/onshore)	11,000
10	Aracas (Bahia/onshore)	10,500

† Indicates on stream in past year.

Sources: Petrobras, Ministry of Mines and Energy, Inter-American Development Bank.

Next year's anticipated drop in imported oil volumes from 650,000 b/d to 500,000 b/d should save the central bank $1.3bn, according to official estimates.

The greatest increase in oil output has come offshore, where Petrobras, the state oil company, has built up one of the most intensive offshore exploration operations in the world.

The jewel in its crown is the Campos Basin, a 31,000 square kilometre mesozoic structure between 80 and 120 kilometres off the coast of Rio de Janeiro state.

By the end of this year Petrobras says it will have invested $5.3bn in Campos (excluding interest charges on borrowing) out of a total planned investment by 1985, when output is expected to be at its peak, of $5.9bn.

The investment is beginning to pay off handsomely in terms of a rapidly rising output of a Light (30 to 40 degrees IPI), virtually sulphur-free crude and a substantial quantity of gas, also piped to the mainland.

At the end of August oil production had risen to 156,400 b/d, 45 per cent of the national total of 347,200 b/d. As its permanent production platforms are installed, over the coming 16 months, production will jump to a 1984 average of 211,600 b/d.

OIL PRODUCTION AND CONSUMPTION
(Figures in thousand barrels per day)

	Production	‡Consumption
1963	99	327
1973	174	766
1978	166	1,031
1979	171	1,105
1980	187	1,095
1981	220	1,016
1982	268	1,018
1983	340*	1,005*
1984	410†	950†
1985	510†	910†

* Estimate. † Forecast. ‡ Includes derivatives.

The eight producing fields in the Campos basin, all named after Brazilian fish, are grouped into two "poles" to the north and the south for the sake of the collection and transportation pipelines, in water depths ranging between 90 and 250 metres.

In fact, Petrobras claims the world record of 256 metres for the deepest underwater connection and the deepest monobouy, on its new Corvina Field.

The Brazilian company is pushing onto the fringes of existing offshore oil technology in terms of depth, though not rough water conditions, in the next band that its exploration teams are tackling—beyond 250 metres.

"We don't think we'll discover another field as prolific as Campos," Sr Mauricio Alvarenga, Petrobras superintendent of production, said. But he added that in the opinion of the company's geologists the section of Campos lying between 300 and 400 metres deep could hold reserves equal in size to those already discovered.

Proven oil reserves in the Campos Basin today stand at 962m barrels, 54 per cent of Brazil's total of 1.8bn barrels: a figure which puts Brazil in fourth place in Latin America, well behind Mexico and Venezuela but close to Argentina.

The Campos rate of discovery has been so good that in the second half of the decade Brazil could overtake its southern neighbour, and long-standing rival, in terms of proven reserves.

According to Sr Alvarenga, Petrobras has had an exceptionally high success rate of 29 per cent with wildcat wells drilled in Campos, compared with an international average of 10 per cent. It has attained a reserve figure which it had not expected to reach until January 1985. At the least, that provides assurances for the technical feasibility of the 1985 national production target of 510,000 b/d.

But technical proof is only half the battle, as any oil company in the world knows. The second, and equally important half, is to secure the financial resources. Here the outlook for Petrobras is more cloudy, primarily because of Brazil's dire financial straits.

Last year Petrobras spent $3.6bn on exploration and production, 41 per cent up on 1981, putting it in the same league as a multinational giant like Mobil. In contrast, this year spending is expected to drop by 17 per cent, to just under $3bn.

For months Petrobras has waged war with the Planning Ministry in Brasilia over its 1983 budget allocation, calculated on the basis of an average 1983 inflation rate of 100 per cent, instead of the likely 170 per cent. Last week it seemed to have secured some grudging concessions, but the final result is still likely to be a substantial cut in its spending. Aggravating the cutback is the fact that access to new loans from the Euromarkets has been closed for the moment.

Last month the first of the permanent production platforms was hooked up in Campos, on the Namorado I field. The next ones, on the Enchova, Pampo and Cherne 2 fields will be installed within two months.

Then next year, at roughly quarterly intervals, the remaining four platforms are scheduled to come into operation, altogether handling 130 wells.

Despite the arrival of the permanent platforms, Petrobras says that over three-quarters of Campos' output next year will still be produced through its early production systems, the key to its success in bringing the whole basin on stream so quickly.

At present 40 per cent of Brazil's entire crude production is processed through the early production systems. These consist of a semi-submersible or jack-up drilling rig adapted for use as a mobile platform, subsea or surface Christmas trees for the wells and a moored tanker for storage.

Ten of these systems are already in operation and another two are currently being installed. Plans for a further eight are on the drawing board.

Petrobras is proud of the way it has pushed the established technique of anticipatory systems to new limits, saving Brazil $3bn on its imported oil bill in the six years since they were introduced.

Leaving aside the question of hard currency savings, the financial cost of bringing Campos on stream has clearly been high. Petrobras is cagey about the exact figures, but says that production costs alone in Campos are running a little below the national average of $8 a barrel.

This excludes exploration and financial costs which could double the overall figure. Folha de Sao Paulo, a leading newspaper, recently claimed that the overall investment in Campos amounted to $17 a barrel.

Overshadowed by the more glamorous development of the Campos Basin further south, oil production on the north-east coast, both on and offshore, has made a surprisingly strong recovery recently. For this the development by Petrobras of an economical way of producing oil in commercial quantities from small offshore fields in shallow waters must take some of the credit.

Just north of the great bulge of Brazil sticking out into the Atlantic Ocean, Petrobras has planted 51 of its "fixed modular" platforms in waters up to 60 metres down.

On land, the old fields of Bahia, where oil was first discovered in 1939, and of Sergipe are being revitalised through secondary and tertiary recovery techniques and the drilling of new wells. Between August and the end of this year Petrobras plans to drill 226 small wells along the coastal strip north of Rio de Janeiro.

The north-east is still responsible for nearly half Brazil's total output but, as Campos increasingly comes on stream, that percentage will decline.

Foreign oil company participation in the search for oil and gas in Brazil has to date been extensive but notably unsuccessful. Out of 144 risk contracts signed between Petrobras and foreign companies, only about 80 are still in use and only one consortium, led by Pecten, has struck oil in commercial quantities.

In addition, most of the majors are conducting preliminary seismic studies on a fee basis for Petrobras. Uncharted, but potentially rich in gas, areas such as the Middle and Upper Amazon have been favoured.

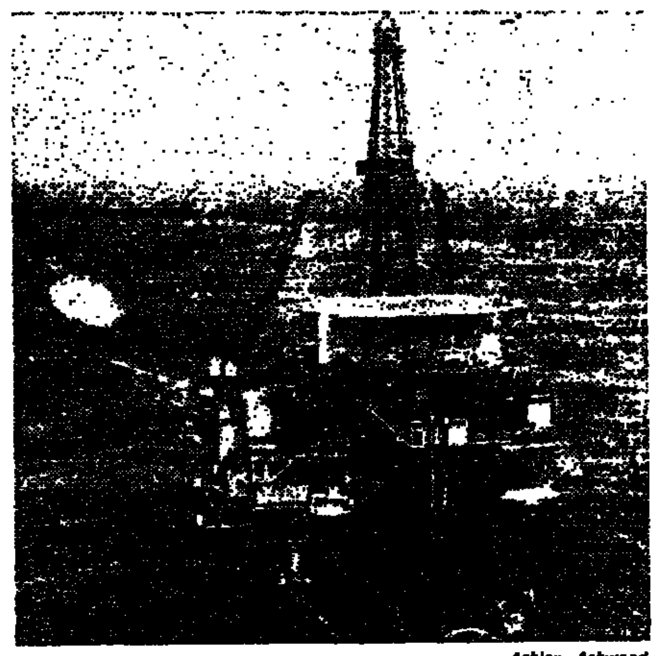
Gas reserves proven so far are a modest 75bn cubic metres, well below the quantities discovered in neighbouring Colombia and Bolivia.

Production is approaching 12m cubic metres a day, mainly from the north-east coastal region of Bahia, Alagoas and Sergipe. Its most profitable use has been as feedstock for the Camacari petrochemical complex in Bahia State.

Incentives are also being provided to industrial plants to convert to gas as a fuel source in place of imported fuel oil. Output rose by 22 per cent last year but the limited demand has been an impediment to further growth.

For a country desperate for foreign exchange the really heartening phenomenon has been the rapid development of the Campos Basin. Whatever the cost, the oil is finally gushing fast into the on-shore storage tanks as Petrobras announces almost every week that it has broken a new production record.

Overall output was up 22 per cent in 1982 and will have leapt by another 27 per cent this year. The 1985 estimate of 510,000 b/d is then expected to remain at a plateau for some years to come. Based on what is already known, Petrobras reckons it can maintain output at this rate until the year 2000, seeing Brazil into the early 21st century with a fair measure of self-sufficiency.



Ashley Ashwood

The SM-5 drilling rig in the Garoupa Field, which is owned by Tropic Offshore and operated by Petrobras.

U.S. bank deregulation: the battle lines are drawn

By David Lascelles, Banking Correspondent

IT WAS exactly 50 years ago that Congress passed one of the keystones of U.S. banking legislation: the 1933 Glass-Steagall Act. An outgrowth of the Great Depression and the wave of bank failures that followed, the act is typical of most of the laws that control the U.S. banking system: it is highly restrictive (it bars commercial banks from the investment and securities business), and philosophically it reflects the fear and suspicion with which Americans have viewed their banks for generations.

By coincidence, Congress is marking the anniversary by opening hearings this week on banking legislation proposed by the Reagan Administration to reverse the regulatory tide and allow banks for the first time in half a century to do more things rather than fewer. U.S. bankers, of course, are delighted. There have also been murmurs of approval from U.S. bank supervisors who are tired of trying to administer laws which have been made obsolete by the dizzying pace of change in the banking industry or peppered with holes by clever bank lawyers.

Formidable forces in opposition

But this is not to say that the legislation is assured of safe passage. Rather the opposite. Formidable forces are lining up *in opposition*. More crucially, there is every reason to believe that the anti-bank sentiment that produced Glass-Steagall in the first place is still alive in Congress; it may even have been sharpened by the LDC debt crisis and the widespread feeling that the U.S. taxpayer will end up bailing the banks out of their follies by lending billions to the IMF.

Some observers even fear that the Administration may have bungled its banking deregulation efforts by presenting the Bill at a time when it is more likely to rally the anti-bank lobby than provoke a thorough airing of complex issues. The key figure in the debate is Sen Jake Garn, chairman of the Senate Banking Committee which will be holding the hearings. A Republican who has launched banking deregulation initiatives of his own in the past, Mr Garn favours new legislation in principle but is remaining cautiously non-committal about the specifics of the administration's bill.

The Administration started the ball rolling last July when it proposed the Financial Institutions Deregulation Act (Fida) — a massive, rambling document which would amend no fewer than nine existing laws with two broad aims: to permit banks to engage in a broader range of businesses not directly associated with banking, and to plug capacious loopholes which currently allow depository institutions which are banks in all but name to escape the rigours of banking supervision.

Insofar as there is is any broad strategy to the U.S. banking deregulation drive — and even experts have trouble perceiving it—Fida marks the second stage in which will probably end up being a three stage process begun under President Carter. The first stage, which culminated in last year's Garn-St Germain Act, abolished interest rate ceilings on bank accounts and permitted banks to compete freely with investment vehicles like money market funds for the depositor's dollar.

Fida is supposed to tackle the problem of "product deregulation." The third stage, which could still be years away, will deal with "geographical deregulation": the easing or abolition of laws which confine banks to their home states. But it is a measure of how far Washington has to go that even if the process is fully completed, the U.S. will still have some of the most restrictive banking legislation in the industrialised world. By foreign standards, there is virtually no innovation in U.S. bank deregulation; it is more like a big catch-up.

Federal Reserve chairman Paul Volcker (left) and Sen Jake Garn, chairman of the Senate Banking Committee.

The impetus for Fida came from several sources. The most frequently cited is the pressing need to adapt U.S. bank law to the huge changes that are sweeping through the financial services industry and blurring the distinction between banks, investment houses and even insurance companies. There are two problems: defining exactly what a bank is in this brave new world, and allowing the banks a fairer chance against their less heavily regulated competitors without jeopardising their soundness.

But Fida was also a necessary follow up to Garn-St Germain. By abolishing interest rate ceilings, that Act may have given banks more freedom but it also pushed up the cost of attracting deposits. The resulting squeeze on bank profits strengthened the case for allowing banks to pursue new and more lucrative lines of business.

According to a recent survey by accountants Arthur Andersen and the Bank Administration Institute, U.S. bank profitability could decline by about 10 per cent during this decade because of intensified competition and the cost of developing new products.

But the survey also showed that bankers would like at this juncture to be able to expand geographically as well as by entering new businesses. This is why many of them feel stages two and three of the deregulation process should be tackled at once. If Fida goes through, it will only benefit those banks who have the resources and know-how to diversify their product range. Those whose best chances lie in opening up branches in other parts of the U.S. could get left behind. But Mr Garn, who is probably in the best position to know, says there is not enough support in Congress for geographical deregulation, largely because the small banks, who are a powerful grass roots lobby, fear they would be trampled underfoot by a big city bank invasion.

Pressure for reform has also been coming from U.S. bank supervisors, notably the Fed (whose chairman Mr Paul Volcker will be the opening witness at this week's hearings), the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency. Aside from their concern about bank profitability, the supervisors want a broader mandate from Congress so as to be able to regulate the new banking industry proper, specifically creatures called "non-bank banks" which have all the attributes of banks but fall outside the supervisors' aegis for technical reasons.

In fact Mr Volcker is so concerned about the increasingly chaotic state of his regulatory kingdom that he has called for a moratorium on all new business ventures that fall into the grey area. But Mr Donald Regan, the Treasury Secretary, is opposed because it would remove much of the urgency from Fida.

THE KEY PROPOSALS

The Financial Institutions Deregulation Act proposed by the Reagan Administration would allow U.S. banks to engage in a broader range of business activities, more in line with the practice in Europe. But at the same time it would expand the definition of a bank to bring more financial institutions within the compass of bank regulation.

Under its provisions banks would be allowed to:

- **Engage in most forms of insurance without restriction.**
- **Invest in real estate development to the extent of 5 per cent of their capital.**
- **"Affiliate" with a securities firm in order to conduct a limited range of securities business, such as underwriting municipal bonds, managing mutual funds and broking securities transactions.**
- **Engage in "services of a financial nature" to be defined by the Fed.**

On the regulatory side the Act would:

- **Close loopholes that allow some deposit-taking institutions to escape bank regulation.**
- **Oblige banks to conduct their new business through separate subsidiaries.**
- **Streamline the regulation process.**
- **Pre-empt state laws that are more restrictive than federal law.**
- **Provide for similar changes to the regulation of savings and loan institutions.**

The major deregulatory provisions of Fida would allow banks to enter about half a dozen specific new lines of business (see box). The major new opportunity is insurance where no restrictions are proposed. Not surprisingly, the insurance industry is gearing up for a big battle to resist this major encroachment. Its main argument is that banks would enjoy an unfair competitive advantage because of their special access to credit. But words will probably be less effective than the formidable lobby of insurance agents who, like the small banks, make up in numbers what they may lack in financial clout. Because of this Congress will almost certainly restrict banks' access to the insurance market.

The provision to enter real estate development is more broadly controversial. The U.S. banks' record in real estate finance is not a happy one, and memories of their ill-starred ventures with real estate investment trusts (REITs) in the early 1970s are still strong. Potential for conflict of interest also exists in cases where banks sell mortgages on property they developed themselves. The Fed is known to be unhappy about this but it appears to have settled for restrictions on the amounts banks can commit. Again, the real estate lobby is giving loud voice to its opposition.

A victory for the Wall Street lobby

The Act also gives the Fed discretion to list further "services of a financial nature" for banks to enter. But though this looks—and is intended by the administration to be—broad, the Fed is expected to read this authority very narrowly because of its primary concern for the safety of the banking system and the belief that "banks are special."

Although the furore that greeted Fida would suggest otherwise, its provisions on new business are actually quite modest, and the document is striking above all for what it does not do. For example, it leaves Glass-Steagall virtually intact: all that banks may do in the securities line is affiliate with a securities firm to engage in a limited range of activities, some of which they do already, like executing investor's buy and sell orders on the stock market.

Basically, the dividing line between commercial and investment banking remains, marking a major victory for the Wall Street lobby. (This has not prevented Wall Street from seeing all sorts of wedge ends in Fida, but Wall Street has always protected its turf with vigour. However, the commercial banks, who would dearly like to see Glass-Steagall go, are grateful for whatever is offered them, and they are doing their best to sink their differences over the proposals in order to get them through.

Fida may turn out to be more important for its proposed changes to the bank regulatory system because these could profoundly affect the structure of U.S. banking and, as things stand at the moment, are more likely to be enacted. These changes were included as part of the political give-and-take between the White House and officials at the Federal Reserve who were only prepared to back Fida in return for more power.

This was a specially sensitive issue because the Fed was not only losing control of non-bank banks, but had also been threatened this summer with a reduction in its powers by Congress because of its alleged failure to prevent the Third World debt crisis.

Fida casts the Fed firmly in the role of primary overseer and arbiter of the banks' new ventures, though it limits the Fed's time and grounds for objecting to a bank's plans. The Fed's main criteria will be whether a bank's new venture will affect its safety and soundness and the extent to which it will lead to an undesirable concentration of resources. As one Fed official said: "We do not want banks growing to a size where their survival becomes a matter of public policy."

However, no one denies that one of the consequences of Fida will be a shake-out in the financial services industry from which fewer, larger entities will emerge.

The Fed also insisted that banks be required to set up separate subsidiaries to engage in their new business ventures, again for prudential reasons to guard against conflict of interest and insulate the bank's deposits from the risks associated with diversification. This would also facilitate regulatory equality between, for example, a bank's insurance subsidiary and a regular insurance company. To make it easier for banks to set up subsidiaries, Fida streamlines procedures for transforming banks into holding companies.

In allowing banks to expand beyond their traditional role, Fida is in danger of adding further confusion to the vexed question, what is a bank? The official definition is an institution that both takes deposits and makes commercial loans, and not surprisingly there is already a strong temptation for bankers to escape that definition simply by halting their commercial loan business and becoming non-bank banks. Fida would put a stop to this by creating a simple but broad definition that covers most eventualities arising from deregulation: a bank is an institution that qualifies for deposit insurance, in other words virtually any organisation that accepts deposits.

Other provisions in Fida aim to tidy up the growing discrepancies between federal and state banking law by stating that federal law pre-empts any state laws that are more restrictive, and provide for broadly parallel reform of the savings and loan industry. But while the administration may have good reason to try and pull the whole of U.S. banking law together, both these provisions poke sticks into notorious hornets' nests and have only added extra—and unnecessary—opposition to Fida.

More lenient regime is threatened

States are extremely jealous of their rights anyway, but many are under pressure from their own constituents to be restrictive and keep out change and fresh competition. Others, like South Dakota, are quite the opposite. They want a liberal banking image to attract business and are racing to see who can deregulate fastest. As for the savings and loans, their own regulatory set-up is already more lenient than the commercial banks' (they were granted broad diversification rights last year), and Fida would actually set them back. The administration's astonishing failure to take this into account has ensured that the S and L's and their regulators, too, have joined the ranks of the opposition.

The Reagan team did not expect Fida to go sailing through, of course, and it set up a special team in the Cabinet Council on Economic Affairs under Mr Tim McNamar, the Deputy Treasury Secretary, to do the horse-trading. But with Wall Street, the insurance and real estate industries and the savings and loan lobby lined up against it, the cost of support may simply turn out to be too great. The Reagan Administration as a whole does not consider banking deregulation to be a high priority (though Mr Reagan is pushing hard) and it may well decide against taking on so many down-home lobbies with major elections only a year away. Senate banking sources predicted last week that Mr Garn would probably try to mark up legislation to plug the worst loopholes in bank law and leave it at that for the time being. An aide commented: "The feeling is that we've voted $8.4bn for the IMF and that we've done quite enough for the banks."

CONTRACTS AND TENDERS

LEGAL NOTICES

FINANCIAL TIMES SURVEY

Wednesday September 14, 1983

Magnus Oil Field

BP today inaugurates its Magnus Oil Field amid a chorus of fanfares. The field, which incorporates the world's largest single steel offshore structure, has necessitated pioneering development techniques in which British industry has played a full part

Satellite send-off

By RAY DAFTER, Energy Editor

PRIME MINISTER Margaret Thatcher will today formally inaugurate British Petroleum's £1.3bn Magnus field development project amid all the razzmatazz so beloved of North Sea oilmen.

A satellite stationed 22,300 miles above Gabon and three television personalities will help to ensure that the ceremony, performed in London, also involves dignitaries assembled on the Magnus platform and at BP's Aberdeen base in Dyce.

The complicated links serve to illustrate the sophistication of communications now employed by North Sea operators while the tub thumping is seen by the industry to be appropriate given the significance and ambitious nature of the Magnus project. There will be plenty of superlatives flying about today.

For instance, BP is pioneering the large-scale use of sea-bed production systems in remote, deep-water field conditions. Seven sub-sea wells are to be used to exploit those parts of the reservoir which are out of reach of the main production platform. One of these wells was used to bring on stream the field, at an initial rate of 15,000 barrels a day, on August 14.

Remote control

A novel, remotely-controlled seabed plough was built to bury the flow lines in and around the Magnus Field while a new type of unmanned underwater inspection vessel—the Marine Maintenance and Inspection Machine—has been developed to carry out inspection and maintenance tasks normally undertaken by divers.

But it is the production platform, the hub of the Magnus development, which dominates the project. Standing in 613 feet of water—the deepest so far tackled by North Sea field developers — the platform weighs some 70,000 tonnes making it the biggest single steel offshore structure in the world, according to BP.

The platform has to be sturdy given that Magnus is also Europe's most northerly field, situated some 125 miles north-east of the Shetland Islands and prone to the most severe operating conditions: wind speeds of 100 miles an hour and wave heights of up to 100 feet.

The huge Magnus platform may well be one of the last of its size and type. Not only are companies looking at lighter, cheaper production systems—like the floating platform once considered by BP for the Magnus development—but the fields themselves are becoming much smaller.

Recoverable oil reserves in Magnus are estimated to be 565m barrels, amply sufficient to maintain a plateau production rate of 120,000 barrels a day of crude and 9,000 b/d of gas liquids. Future commercial fields on the UK Continental Shelf could be but one-tenth of that size.

A new study by stockbrokers Wood, Mackenzie has identified nine UK oil fields for which development plans could be formulated in the next 18 months to two years. The combined recoverable reserves of these nine are not much greater than those of Magnus—between 660m and 790m barrels. At the present rate of UK oil production (around 2.3m barrels a day) these reserves would be exhausted in less than a year.

That helps to identify some of the problems facing the UK offshore industry and underlines why BP, as operator of the Magnus Field, wanted to make a song and dance about today's inauguration. In a way it marks the end of an era. It is doubtful whether there will be many more North Sea fields like Magnus.

'Buy British'

Magnus is also very much a UK enterprise. Discovered and developed by a UK company its oil will be landed at Sullom Voe in Shetland, via the Ninian pipeline, while the associated gas of some 60m cubic feet a day is to be delivered to British Gas Corporation via the newly commissioned northern leg pipeline of the Shell/Esso Far North Liquid and Associated Gas (FLAG) system.

Of the £1.3bn invested in the Magnus project, more than 80 per cent has been spent in the UK. Two main contractors, six major fabricators and more than 1,400 sub-contractors and suppliers were involved in the development.

The "buy British" policy of BP has contributed to the apparent success of the UK offshore supplies industry in recent years. Since 1980, according to Energy Department statistics, UK suppliers have been winning around 70 per cent of the orders placed by operators in the British sector of the North Sea—a far cry from the 30 per cent or so share won at the beginning of operations in the early 1970s.

Last year, for instance, UK companies were awarded £1.64bn worth of orders for goods and services, some 73 per cent of the £2.26bn total. On the face of it, the Government's policy of ensuring that UK companies are given a "full and fair" opportunity to compete for work seems to be succeeding.

However, the figures are misleading. While the orders help to underpin the jobs of the 100,000 people employed in the UK offshore supply industry, they do not always boost the profitability or technological reputation of UK-based companies.

Many of those undertakings providing goods and services which are deemed by the Government to be British are more accurately described as local affiliates of overseas groups. For example, at Magnus, McDermott Scotland fabricated the piles which pin the platform to the seabed and Cameron Iron Works supplied subsea and platform wellhead assemblies. Both companies are U.S.-based. American money and technology still feature prominently in the UK supply industry although to a much lesser extent than in the early days of North Sea development.

Many in the Government and the UK offshore supplies industry are concerned that when the emphasis of deep water oil development switches from the North Sea to other parts of the world — China especially — those offering British technology will find it tough competing against those with established U.S.-based know-how.

With this in mind the Energy Department has introduced a new condition to its offshore licensing arrangements. Oil companies seeking new North Sea exploration licences have been asked to give an undertaking that they will assist in the development of UK technology. Those who refuse might well find themselves left out of future licensing rounds given that the drilling concessions are awarded by the Government on a discretionary basis.

Peak levels

This new emphasis on technology is well timed for figures presented at the recent World Petroleum Congress in London show that oil exploration in the UK sector of the North Sea has returned to the peak levels of the mid-1970s. Energy consultants Gaffney, Cline and Associates who prepared the

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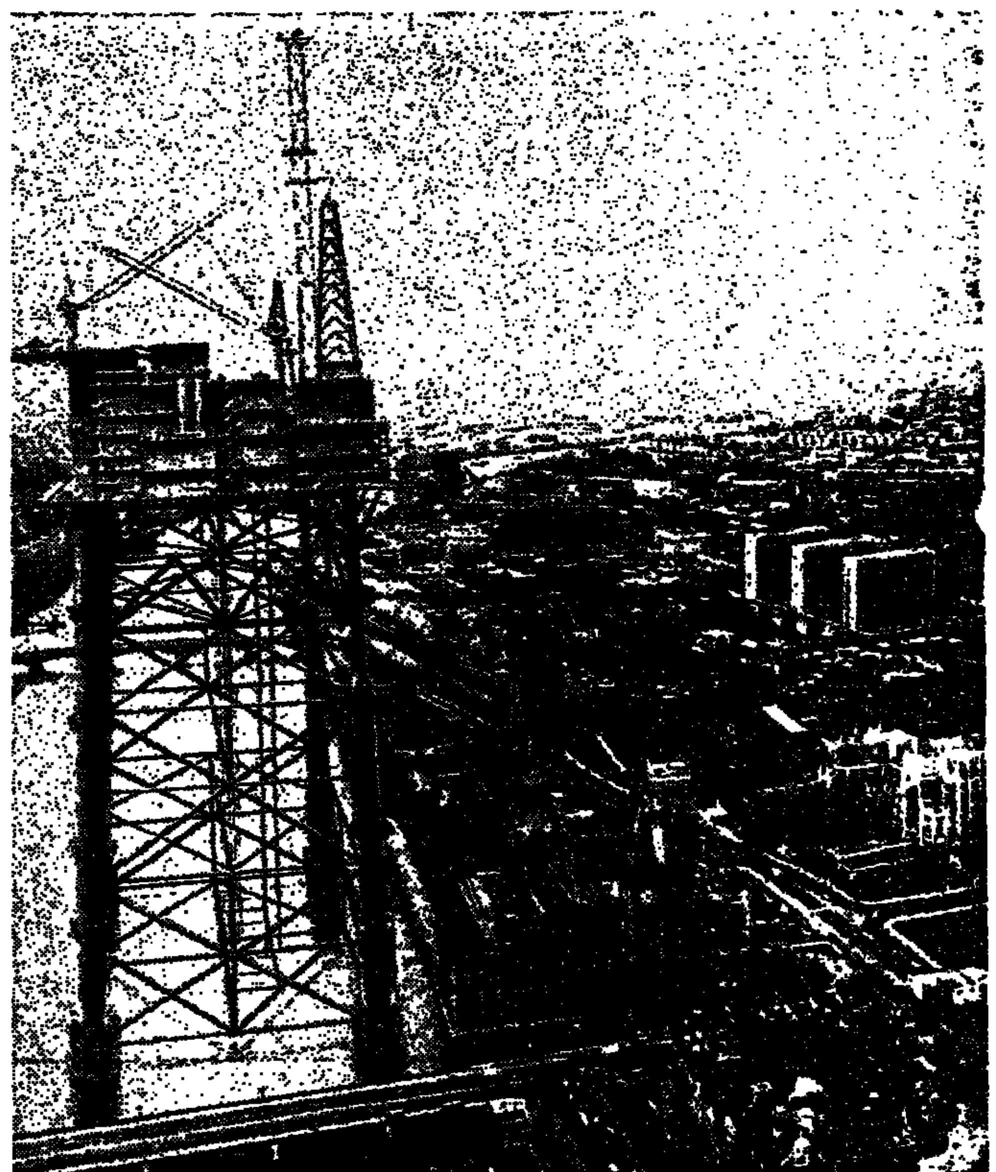


BIG BEN HUMBLED: an artist's impression of the Magnus platform superimposed on a view of Westminster, London. The structure has been placed in one of the most hostile areas of the North Sea

CONTENTS

MAGNUS OIL FIELD II

How the contracts were allocated

THE WAY a major North Sea operator such as BP or Shell Expro organises a project on the scale of the Magnus field is constantly changing with the experience gained both from running new projects and constantly altering established platforms to meet unexpected requirements.

While Magnus will be among the last UK oil fields to be developed without the "marginal field" label, the way it has been organised already reflects the drive for economy and efficiency being demanded increasingly of North Sea developments. A combination of in-house and contracted management efforts has co-ordinated the project from design to installation and commissioning.

The platform itself occupied the efforts of two main contractors, six major fabricators, and 1,400 sub-contractors and suppliers, from its design through to its installation and hookup.

In addition to this effort, which was run under two management contracts, transporting the field's oil and gas required two new pipelines to be laid across the ever-growing web of northern offshore gas and oil lines by two more contractors. Drilling the all important wells from the first May 1974 discovery well, right through to the recently completed remote, subsea producing wells has involved two drilling contractors already and a third will take over when platform drilling begins in October.

BP managed these operations in-house except for the laying of the Magnus gas line which was operated by Britoil during the construction phase.

More than 80 per cent of the contracts involved with the project so far have been placed in the UK with most of the remainder falling to European contractors.

The principal efforts facing contractors on the project can be divided into five, often interlinked, areas:—

- Design and management of the platform construction.
- Pipelines operations.
- Drilling and completing wells.
- Fabrication and installation of the platform structure or "jacket."
- Fabrication, installation and hookup of the topsides facilities.

Pipelines

The project was organised to allow for all pipelaying to take place while fabrication of the platform jacket and modules was going on, allowing pipelaying to take place without interference from the platform. Drilling continued throughout all stages.

The pipelaying involved special challenges, principally from the deep, hostile waters of the field itself and from the obstacle provided by existing pipelines. Italy's Saipem used the world's most advanced pipelay vessel, the self propelled, semi-submersible Castoro Sei, to lay both the 24-inch, 92 kilometre, main oil line and the six-inch flowlines, totalling 35 kilometres to the seven remote subsea wells.

Although BP had originally planned to lay the flowlines in 1982, after the platform was set, it opted instead for a novel method of laying the flowlines offered by Saipem. This required them to be laid before the platform was employed.

The main oil line was laid from May to July, 1981, and the flowlines were laid in September of the same year. The oil line crossed three other lines on its way to Ninian Central, and special bitumen mattresses were constructed to enable the crossings. BP estimates the contract cost of the main oil line at £26m.

Six of the flowlines were laid by making three sweeps across the platform location and laying steel cable between sections of the pipeline as it crossed the platform site. While precise navigation was required, this saved a considerable amount of time.

Another innovative technique was developed for the laying of the 20-inch 79 kilometer gas export line which BP shares with Britoil's Thistle and Conoco's Murchison fields all supplying the FLAGS gas line from Brent to St. Fergus. The Brown and Root semisubmersible lay barge Semac-1 laid the first three kilometres of the line from Magnus in the hostile opening days of March 1982, laying a control ball-valve "down-the-line" at the three kilometer mark.

The operation, repeated with the line's other control valve at Brent and with three sub-sea T-junctions, avoids the costly operation of installing them with divers and underwater welding. The early start to laying was to get clear of the platform before it was set. Laying of the line, built by Britoil but now operated by BP, was completed later in the summer of 1982 and came on stream in July of this year with Murchison gas.

Thistle will begin flowing in the autumn while Magnus will not join the production until January, 1984. Like the Magnus project, it was under budget, at £96m. BP's share thus costs around £58m.

Drilling

The Magnus discovery and appraisal wells were drilled by Texas based drilling company Sedco, while the development drilling was begun by BP's Sea Conquest crew and taken over by Atlantic Drilling when Ben-Odeco bought the rig and renamed it Ocean Benloyal. Subsea wells were manufactured by longstanding U.S. wellhead manufacturers Cameron Iron Works. Platform drilling, due to begin in October, will be by Dan Smedrig.

Platform

BP decided early on in the project to go for a conventional steel jacket platform but to divide work into two main activities — structure, or "jacket," and topsides. The job of co-ordinating the engineering design, procurement and installation of the jacket went to John Brown Offshore Limited while the similar task of organising the platform topsides went to Matthew Hall Engineering Ltd.

The two operations were conducted simultaneously with topsides module fabrication finishing within weeks of the planned installation date of the jacket.

Jacket design and fabrication

John Brown hired its subsidiary John Brown Earl & Wright to carry out most of the jacket design, while Nigg Bay-based Highlands Fabricators won the job of fabricating the world's largest single steel structure. In turn, major contracts were let to Japan and to other British yards to supply the steel, to fabricate "leg nodes" (which join the jacket's four huge legs to its support bracing) and the steel piles which pin the jacket to the sea bed.

The job did not hold the glamour of a new concept, such as the Hutton Field's Tension Leg Platform, or the Maureen Field's steel gravity structure. But for John Brown Offshore the setting of the jacket marked an equally important achievement: "From the day the contract was let in August 1978 to the day the jacket was towed out and installed in 1982, the budget and the programme never changed," says the company. According to BP, this is within a budget of £132m.

Furthermore, tow-out took place on the day scheduled, March 27 1982.

John Brown's San Francisco sister company, Earl & Wright, was called into supply the upending system to set the self-floating platform on the sea bed.

To cut costs, the company employed the capsule used previously on the Ninian Southern platform. The setting operation, however, developed a hitch mid-way. Ten of the 14 piles installed to add bouyancy during setting, fell off causing the jacket to list 20 degrees. Computer simulations, worked out before hand, were employed to enable the event to be overcome and the jacket was finally set on April 4—three days after upending began.

Topsides

Design of the topsides went into top gear on April 1 1979, according to Matthew Hall, with fabrication beginning at five North Sea yards in early 1980. Matthew Hall had the job of bringing to reality an array of 19 modules, installing them and overseeing hook-up.

The platform's 19 modules were built at five North Sea yards in northern England, Scotland and Holland. The modules were towed to site in July and installed in record time—under a week—by Heerema's semi-submersible derrick barge Balder in July 1982.

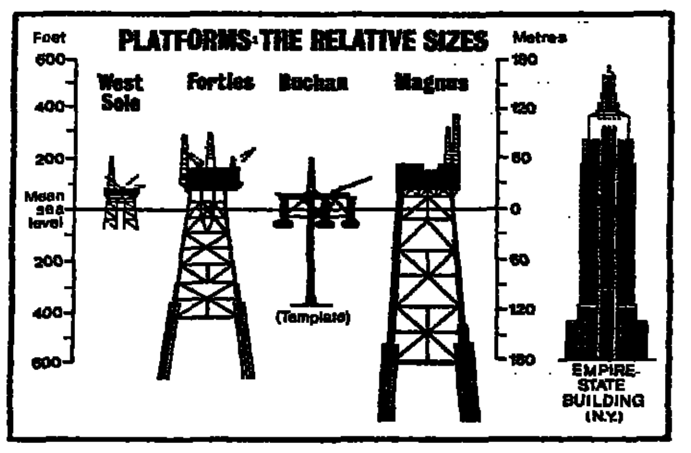
Hookup, under the control of Grootcon (UK) Ltd then began with the principal activity being the running of the electric cable for the platform. A feature of modular, offshore topsides installation is having to involve a large workforce offshore—in the case of Magnus over 1,000 workers — linking the units together and tying-in pipelines and controls to the field's remote subsea wells.

The Maureen Field platform avoided much of this work by linking topsides and structure inshore just as has been done with the massive concrete structures on some other Norwegian and UK fields. BP has yet to adopt this method, and there is not universal acceptance of the notion that it is the best way to save costs.

For Matthew Hall, the project is the biggest in its 10-year history. The company is especially pleased with the advanced safety features of the platform —including a microprocessor alarm system—and with the lighter and simpler system of separating gas and natural gas liquids (NGL). The system employed rejects the more conventional refrigeration unit method of separating out NGL's in favour of a turbo expander which cools gas by reducing its pressure.

Hookup operations are likely to wind down towards the end of this year, and already, with first production under way, the platform facilities are being shared by permanent operations staff and construction crew.

James Ball



Tough test for planners

WHEN the Magnus field was being appraised by British Petroleum in 1975-76 it looked to be very marginal.

The remoteness of the structure and depth of water meant that the cost of implementation would be disproportionately high despite the know-how gained from the first phase of North Sea development and advances in technology.

It presented the toughest engineering test yet encountered on the UK Continental shelf—with all the associated difficulties of accurately forecasting costs.

Original estimates of recoverable reserves were about 450m barrels—a figure subsequently revised upwards to 565m barrels—compared with 1.96bn for Forties, which had come on stream in 1975 at a cost of about £1.3bn.

In 1975-76 Chevron's Ninian field was undergoing development at a cost of £1bn to produce oil at a rate of 120,000 b/d. Following the oil price explosion of 1973-74 the price of crude oil had been declining gently in real terms and continued to do so until the early part of 1979.

Nevertheless, after exhaustive engineering and economic studies BP decided early in 1978 to proceed. The cost was estimated at $1.3bn. The company concluded that, despite the inevitably high cost of development, Magnus could yield an adequate rate of return within the context of the company's overall strategy—but only through the application of largely untried technology.

One consideration was that revenue would be enhanced by relief on the corporation tax on the proceeds from Forties under the North Sea "tax fence" system. Capital allowances on Magnus would delay tax payments even if it did not reduce them in the long run.

One vital factor in the equation was transportation. With off-shore loading ruled out because of weather conditions, a positive decision was helped by the existence of two pipeline systems to the north-east of the Shetlands. There was spare capacity in the Brent system, the nearest of the two, but it looked to be insufficient to cater for Magnus.

Sticking point

In the event Amoco and Conoco negotiated terms with Shell-Esso for an option on it. BP settled for the Ninian system which had ample spare capacity and is operated by the group. And so it was decided that the oil, spiked with natural gas liquids, would flow via the Ninian system to Sullom Voe.

One sticking point in the protracted discussions with the Department of Energy after BP had submitted its planning application concerned gas and its transportation. Gas volumes from Magnus are small in commercial terms and not an important factor in the viability of the project.

As it was, final approval of the project in December 1978 was given on the understanding that BP would make available the gas at the foot of the platform as a part of its project while working out a method with the British Gas Corporation and the British National Oil Corporation of transporting it via the Brent system.

The outcome was the construction of the 20-inch Northern Leg Gas Pipeline (NLGP), stretching 49 miles from Magnus. Commissioned this July, it is connected not only to Magnus but also Britoil's Thistle and Conoco's Murchison fields with Shell-Esso's Far North Liquids and Associated Gas system (commissioned last year) for onward transmission to St Fergus. BP has a 60 per cent share in the facility, Conoco 30 per cent, and Britoil 10 per cent.

A significant feature of the project—one essential to its economics—was the completion of subsea wells in advance of the laying of the structure and the commissioning of the superstructure so that production and cash flow could begin as soon as possible. Employment of satellite wells, instead of the construction of two platforms, was dictated by economics.

But the project also presented special challenges and innovation.

The flow lines had to be buried for thermal insulation, a process which involved the use of a remotely controlled underwater tractor developed by UDI or Aberdeen and BP. Aided by television cameras the operator controls it through an umbilical which also carries power for the tractor.

Further complications arose from the fact that the main 24-inch pipeline to Ninian, laid in the summer of 1981, had to cross three other pipelines in the East Shetland basin—Dunlin-Cormorant, Brent-Cormorant, and Western Leg Gas facilities. These had to be opened up and bitumen ballast buffers placed over the top of existing buried pipelines.

Only after long study did BP decide on a steel structure for Magnus having initially considered concrete gravity platforms, tethered buoyant platforms and hybrid structures. That was because the seabed was at first thought to be unsuitable for pile-driving. It was eventually concluded that pile-driving was possible as a result of advances in the development of hydraulic and steel hammers.

A concrete platform was not needed for its storage buffer which facilitates off-shore loading because the oil was to be transported by pipeline. In addition, BP had gained experience with steel structures with its Forties development. And so John Brown Offshore was appointed at the end of 1978 to construct the largest single piece structure yet designed for the North Sea, higher than the National Westminster Tower in London.

That dictated that the structure should be self-floating because there was not any barge capacity big enough to handle the finished platform weight.

The two 34-feet diameter legs included in the design to give the required buoyancy, are divided into four separate compartments. They are now used to store drinking water, drilling water and diesel fuels.

Magnus's "topsides"—the on-deck production and accommodation facilities—constitute one of the most complicated superstructures yet built, not least because of the substantial installation of sophisticated processing equipment and the fact that water injection was required from the start.

Synchronised

Matthew Hall was responsible for the project management, engineering design, procurement and fabrication as well as the installation and commissioning of the project.

As part of the "hook-up" exercise, the placement of the modules, weighing a total of 31,500 tonnes, was completed within a week in July last year with the work carried out by semi-submersible crane-barge, Balder.

The highly synchronised operation involved the laying and joining of 1,050 miles of cables of all varieties including the heavy cable needed to carry 11,000 volts produced from three gas turbine generators—enough, BP points out, to supply the electrical needs of a town the size of Swindon with a population of 85,000 people.

With three years or so to go before completion, the project is on schedule and within the £1.3bn budget. As far as BP's income is concerned, Magnus will benefit from the phasing out of Advanced Petroleum Revenue Tax.

The stockbrokers Wood, Mackenzie estimated in April that the rate of return from the field would be 21.2 per cent, or 19 per cent in real terms. That can only be regarded as healthy for a high cost development regarded as marginal seven or eight years ago.

Richard Johns

Satellite send-off

CONTINUED FROM PAGE ONE

statistics said that companies had responded to new tax incentives while working to fulfil their licence drilling obligations.

Within the industry it is felt that the exploration rate could be maintained for several more years; companies have been encouraged by the way oil prices have been stabilised and they may soon be enticed into further drilling by the award of a further, ninth, round of licences. (The pace of exploration will certainly need to be sustained if the UK is to continue as a significant oil producer into the next century.)

The potential for technology exports has also been highlighted by the award of new exploration licences in one of the most promising offshore exploration areas in the world, off the extensive coast of China. Significantly UK-based oil companies —notably BP, Royal Dutch/Shell, Tricentrol and Cluff Oil —feature prominently among China licensees.

The UK offshore supplies industry must have been heartened last week when Mr Tang Ke, China's Minister of Petroleum Industry, told Mr Peter Walker, UK Energy Secretary, that the development of technology to manage oil fields on the UK Continental Shelf in severe weather conditions would be especially relevant to China. In turn Mr Walker said that the acquisition of British industrial know-how was as important as the oil produced.

Mr Tang has been seeing at first hand the technological advances in the North Sea. During his visit he was due to visit BP's Forties Field, one of the first major developments which is still yielding oil at over 450,000 barrels a day, around one fifth of total UK production.

And he is expected to be among the guests at today's Magnus inauguration ceremony.

Location and shape the major problems

BRITISH PETROLEUM wasted little time in confirming Magnus as an important oil reservoir.

The process started in 1972 when the company was awarded the drilling concession in block 211/12, some 125 miles north-east of the Shetland Islands. Fortunately for BP it was also granted block 211/7 immediately to the north. It was later found that the northerly corner of Magnus lies in block 211/7. If that block had been allocated to another company BP would have been involved in complicated unitisation agreements and, perhaps, arguments over development plans.

The blocks were among the 282 allocated under the big fourth round of licensing. Those were still early days in terms of North Sea developments although with the discovery over the two previous years of two huge fields—BP's Forties and Shell/Esso's Brent—the industry had come to appreciate the attraction of exploration in the region.

Concessions

During the summer of 1973 BP conducted detailed seismic surveys of its new concessions. Examining the data geophysicists identified a sizeable, potentially oil-bearing, geological structure running north-south across the length of block 211/12. At that stage there was no knowing whether oil was contained in the rock structure; only an exploration well could confirm that.

Consequently, in March 1974 BP began drilling its first well, almost in the centre of the block, using the semi-submersible drilling rig Sedco 703. By July 27, when drilling ceased, the exploration team knew it had a winner. A significant thickness of oil-bearing rock had been found in an over-pressurised upper Jurassic sandstone structure some 9,498 feet deep.

In the following year a second well was drilled to the north east. Although there were some indications of oil it transpired that the well had been sunk just beyond the boundary of the main Magnus Field.

Following a great deal of head scratching and evaluation work on the part of a team of geologists and petroleum engineers BP finally committed itself to an extensive appraisal programme. Drilling started in January 1976 and by the end of the programme in late 1977 it was evident that the field, though large, would be difficult to exploit.

The reservoir itself, like most in the East Shetland Basin, is a "stratigraphic trap," the oil being trapped in a tilted bed of sandstone that was once eroded at its upper end and later sealed during the Cretaceous geological period by impermeable sediments.

The amount of oil trapped in this way is estimated to be 1.25bn barrels although BP is working on the assumption that it will recover no more than 565m barrels, or 45 per cent. It is too early to say whether BP will eventually use enhanced recovery techniques to boost the overall rate of production; much will depend on the state of technology and real oil prices in the 1990s.

A number of North Sea companies, including BP, are currently experimenting with enhanced recovery techniques—such as the injection into the reservoir of gasses or detergents—in an effort to release more of the oil trapped in the microscopic pores of reservoir rock. At the moment, however, such techniques remain extremely expensive.

But oil recovery was not the main problem confronting BP. A recovery factor of 45 per cent is extremely high when set against production efficiences in some of the other parts of the world.

It is the shape of Magnus—long and narrow — which has posed most of the problems. Ideally BP would have wished to exploit Magnus from two fixed production platforms positioned towards the northern and southern extremities of the reservoir. However, given the extent of reserves, the depth of water and the severe conditions in that part of the North Sea, BP realised it could not justify the cost of two major platforms.

So BP decided to exploit Magnus by means of a single fixed platform, positioned not far from that initial exploration well, and seven well systems placed on the sea bed. These subsea completions, as they are called, have been located up to five miles from the platform so that they can tap oil reserves out of reach of the main platform production wells. The subsea units are linked to the platform by small diameter pipelines and umbilical lines carrying electrical and hydraulic circuits for the control of the wellhead valves.

Pioneers

BP has thus emerged as one of the pioneers of subsea production systems in the North Sea. It might well have found itself in the forefront of technology in another respect for at one stage BP engineers were also looking at the possibility of using a floating platform tethered to the seabed rather than a fixed steel structure.

As it happened it appeared that a tethered platform would have been even more expensive so BP decided to stick with the proven technology of a fixed steel structure. In the end it was left to the Conoco consortium, in the North Sea's Hutton Field, to pioneer tethered tension-leg, technology.

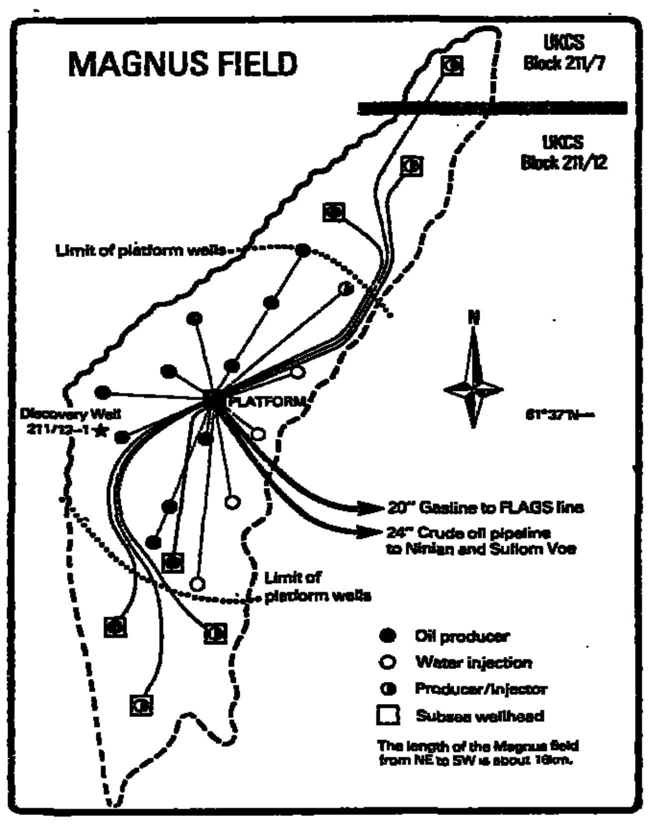
Although the configuration and location of the Magnus Field have posed many new problems the geological conditions have been much kinder to BP.

Unlike in some fields, the sandstone rock is consolidated so BP is not expecting the costly nuisance factor of sand production. In similar vein there is very little sulphur contamination (0.3 per cent) in the light, high quality crude oil. Specific gravity of the crude is 39 degrees as designated by the American Petroleum Institute.

BP is having to manipulate reservoir pressures needed in the maintenance of oil production, however. Although the oil reservoir is surrounded by an aquifer (water-bearing rock) this water is not expected to help in the recovery of oil.

So BP will have to maintain the reservoir pressure by injecting 170,000 barrels a day of sea water at 3,000 lbs per square inch. Initial water injection wells have been located along the eastern periphery of the reservoir. As with the producing wells, these injectors will be monitored continuously to ensure all is going to plan.

Ray Dafter



Winding down the support services

DURING THE construction phase of Magnus there have been more than 1,250 workers in the field at any one time to be looked after.

Activities will begin to wind down towards the end of this year as construction activity gives way to permanent operations. Until then services will be largely co-ordinated by the Peterhead-based construction project team for the field.

At present, caterer ARA Services of Aberdeen estimates that over a four-week period it provides the field with 100 tonnes of food. Included in this are some 15,000 lbs of beef, 20,000 lbs of poultry, 2,400,000 eggs, and 26 tonnes of vegetables. ARA's 15-month contract let last summer, will re-bid after the operations-only period of the field begins.

Even with this contract, the caterer will need a new field development to employ the 140 people it has assigned both on and offshore to feeding and housekeeping for the Magnus project. The company has an idea of what the future Magnus requirement would be, however, from its six-year experience with the Occidental-operated Piper and Claymore fields. Claymore, with an operations staff similar in size to the 150-200 expected eventually on Magnus, consumes about 20 tonnes of food every four weeks.

The transport of supplies and personnel to Magnus will alter dramatically once the operations team takes over from its construction counterpart. At present, the project staff of BP and topsides management contractor Matthew Hall number 300 offshore, 180-200 at Peterhead and 80 in London.

When the field is in operation, control will shift to BP's Dyce, Aberdeen, production headquarters. The shift is already slowly taking place on the marine transport side, but will take longer when it comes to co-ordinating the helicopter travel of personnel.

Until recently, Peterhead had four powerful anchor handling/supply (AHTS) boats in service on the field each with over 8,500 horsepower and capable of reaching the field from Peterhead in 18 hours. One, the Norwegian Edda Star, has already left. The charters on the other three (Atlantic Rolwi, Atlantic Vest and Balder Torungen) only run until November when they may be extended in monthly periods into next spring.

Accommodation

While they still ferry supplies to the field, the plan is to have one moving, one in port and one at the field. The turnaround time at Peterhead is about 18 hours and the boat in the field will have a similar time unless is has some anchor handling to do.

Anchor handling requirements involve moving the accommodation rig Pollycastle (home for 600 offshore workers) or moving the Ocean Benloyal drilling rig while it is working on the field's remote subsea wells.

The Sound Truck has been chartered for long term AHTS work on Magnus with a one-year charter and options for four annual extensions. It is run by Dyce and already has seen work on other BP fields as well.

BP has not yet decided to complement the Sound Truck with another boat, but the chances are that one of the ex-construction boats will be kept on in the long term. Supply boats will run out of Lerwick in the Shetlands.

Ferrying of personnel involves, at present, scheduling flights five days a week for three British Airways Chinook helicopters moving 132 people each way on each of those days.

Once the transport requirement comes down, BP is unlikely to use the giant 40-seater Chinooks, and is considering coordinating air travel out of its Shetland airfield, Scatsta.

While helicopters and supply boats are ferrying back and forth to the field, the final service, that of safety, is looked after by two vessels—the purpose-built Seagair, and, during construction, the converted Forties firefighter Coltair. The Coltair will depart when the accommodation rig Pollycastle leaves next spring.

James Ball

INTERVIEW WITH DR. ALAN HORAN

Getting to grips with the North Sea

EVEN for a career oil man like Dr Alan Horan one would have imagined that the contrast could not be greater. Earlier this year he became new general manager for major oil projects of BP Petroleum Development (UK) after more than a decade in charge of Abu Dhabi's main offshore operation in which his company has an equity interest. But his first observation on his switch to a new role, predominantly involved with the Magnus Field in the North Sea is the number of old colleagues "from Abu Dhabi and the general BP context."

Pressed a little, though, he will admit that there are differences. The minimum depth of the normally placid off-shore waters operated by Abu Dhabi Marine Areas is only 27 ft compared with the seabed 600 ft below the surface on which the Magnus platform stands.

Referring to the "topsides" of Magnus, the eight-storey high production and accommodation facilities on the giant structure, he says: "With such shallow water you could afford to put structures with modules strung out in the line, so to speak."

Yet the same principles apply for the Gulf and the North Sea, he says, namely that one completes as much work as possible on land. It guided management of the last ADMA contract under his care and was applied to the Magnus project. Work off-shore, as a rule of thumb, costs two-and-a-half times what it does on-shore. As it was, a similar programme was followed recently for the Zakum field, the second of two major fields operated and developed by ADMA. The offshore development in Abu Dhabi was reckoned to be in the forefront of technology, he points out.

Complicated

Maximum recovery within reason—which can be a matter for debate—is the same objective in the North Sea and the Gulf (where governments can be very restrictive in their depletion policies). Beyond that comparisons are difficult says Dr Horan, who studied chemical engineering at Birmingham University and has been in management for the past 20 years. "Sometimes you have a uniform body which you can treat as a big unit and others are highly stratified."

Magnus is a complicated reservoir, as indeed were those of the ADMA's off-shore fields where output started with a capacity of 30,000 b/d but was built up progressively so that the maximum permissible controls allow such a level is now 570,000 b/d compared with the peak rate for Magnus of 120,000 b/d.

Dr Horan finds his new £1.3bn project has a character and significance of its own.

The "hook-up" of the Magnus platform last July, involving the placement of 19 modules weighing over 31,000 tonnes which Dr Horan describes as "quite a strenuous and complicated exercise."

The most complicated part was the laying of the cable — over 1,000 miles of them— "which was from the centre point, so to speak, to the various corners of the platform."

Meticulous

In particular, Dr Horan was impressed by the meticulous planning extending to the minutest details of individual tasks. "Everyone knew how the work was going to be done, what the materials were and what the sequence was—all of it, in a sense, on a sheet of paper." Much of the planning was done by the supervisors who later were on the platform doing the actual job, he notes approvingly.

Although Magnus production has started development is continuing.

"Our main interest at present is to finish thoroughly this particular phase and then commission the drilling phase from the platform itself which should begin early in October."

It will be another three years before all 15 producing wells are operating.

Richard Johns

Search for new oil fields is stepped up

MAGNUS IS one of the last of a dying breed. The offshore oil industry and the Government have come to recognise that future discoveries will be much smaller even if they have to be exploited in similar harsh conditions as those encountered by the Magnus Field developers.

From now on oil companies will have to run faster in order to maintain the rate of production now being enjoyed in the UK sector of the North Sea as a result of early developments. The accompanying chart illustrates the problem.

In 1972 development was initiated in just three fields—BP's Forties and Shell/Esso's Brent and Auk. Between them these fields contained initial recoverable reserves of around 500m tonnes, virtually all of this oil contained in Brent and Forties.

The present level of UK oil production, at around 2.3m barrels a day (115m tonnes a year) is greatly influenced by the output from these two fields. It would take the discovery of some seven fields of the size of Magnus to replace the reserves produced from Brent and Forties, and this in spite of the fact that Magnus is a large field by worldwide standards.

Much more sobering is the realisation that it could take 30 to 50 of the new smaller fields to replace the reserves of Brent and Forties. Oil companies believe that future developments will involve the exploitation of fields with recoverable reserves of around 10m to 15m tonnes (73m to 110m barrels). Quite a number of discoveries now being evaluated by North Sea operators are smaller still.

High costs

Given the high development costs associated with virtually any North Sea development, a tax system designed to take up to nearly 90 per cent of net revenue in certain cases, and the prospect of relatively flat real-term oil prices well into the future, it is perhaps not surprising that many operators decided to postpone the exploitation of newly found small discoveries. What did surprise the Government, however, was the extent of the oil industry's investment boycott.

Over the past two years hardly any new development work has been initiated in the UK sector of the North Sea, a point raised by BP's Mr Alan Gregory, president of the Institute of Petroleum, when he addressed the World Petroleum Congress in London a few weeks ago. He told delegates that reserves of nearly 2bn barrels (273m tonnes) were left undeveloped because they could not be tapped "by a tax regime which took insufficient account of the economic and technical realities of operations on the UK Continental Shelf."

But the position was altered dramatically in March when Chancellor Sir Geoffrey Howe announced Budget changes to the North Sea tax structure. Not only did he ease the tax burden on fields already under development or on stream, he also took considerable steps towards encouraging the exploitation of new finds. Going much further than many in the industry had dared to expect Sir Geoffrey abolished royalties which in fields currently on stream are paid on the basis of 12.5 per cent of the gross value of production. In addition he also increased the allowance which can be used to offset payment of Petroleum Revenue Tax.

All told the package of measures provided the industry with tax reliefs totalling over £800m in the four years 1983-87 as well as a real incentive to begin a new wave of development. The industry was delighted.

Mr Gregory told the petroleum congress that as a result of the tax changes at least a further nine fields could now be regarded as candidates for development. In quantity terms this meant that between 1bn and 1.5bn of the original 2bn barrels had been brought into the development category.

This is just as well because the UK will badly need some new production in the late 1980s and 1990s if it is to remain self-sufficient in oil. According to Shell the UK offshore industry will need to bring on stream each year fields with around 300m barrels (about 40m tonnes) of reserves if the country is to stay self-sufficient into the next century. That could mean initiating an oil development every three or four months, to say nothing of the work which will be needed to top up the country's flagging gas production.

This is a tall order and it seems clear that the UK's honeymoon period as a top oil producer cannot last for more than a few more years. The present rate of production, which is running at around 75 per cent above domestic oil needs, means that the UK is now the world's fifth biggest producer.

While many of the other big producers have had to reduce their output and exports, the UK has continued to expand production. North Sea operators have always managed to find customers because they have fixed their prices in line with market conditions.

The Government has refused to allow the UK to be drawn into a production-sharing pact formulated by the Organisation of Petroleum Exporting Countries. Ministers have argued the cause of non-interference and free market forces. Needless to say, the Government is not anxious to see a production cut-back which would reduce tax revenues. Oil taxes are now flowing into the Treasury coffers at the rate of over £9bn a year—a far cry from 50 years ago when just £600 was collected in oil revenues from small-scale operations in the Midlands.

By 1990 UK oil production is likely to be down to between 80m and 90m tonnes annually. Given the time it takes to develop North Sea fields—Magnus has taken five years since it was declared a commercial prospect—there is little the industry can do now to alter the production profile in 1990. What it can do is arrest the rate of production decline from then onwards.

There is still a great deal more oil to be discovered and recovered on the UK Continental Shelf. According to Energy Department estimates based on geological studies, the offshore industry might eventually recover 31.5bn barrels (4.3bn tonnes) of oil from beneath UK waters. Significantly, the Government's estimates of ultimate recoverable reserves have changed very little since the mid-1970s in spite of the considerable amount of exploration and development experience gathered in the past eight to 10 years. In 1975, for instance, the Government estimated that eventually 33.3bn barrels would be recovered.

On the basis of present knowledge, then, there is a good chance that the offshore industry will find and produce more oil than has been found so far. Proven and probable recoverable reserves are now estimated to be about 10.8bn barrels (1.47bn tonnes).

In the same vein, there is also a considerable amount of natural gas still to be drawn from fields on the UK Continental Shelf. Proven and probable reserves of natural gas (methane) are estimated to be 971bn cubic metres whereas the Government believes that ultimate recoverable reserves should be in the range of 1,450bn-2,125bn cubic metres.

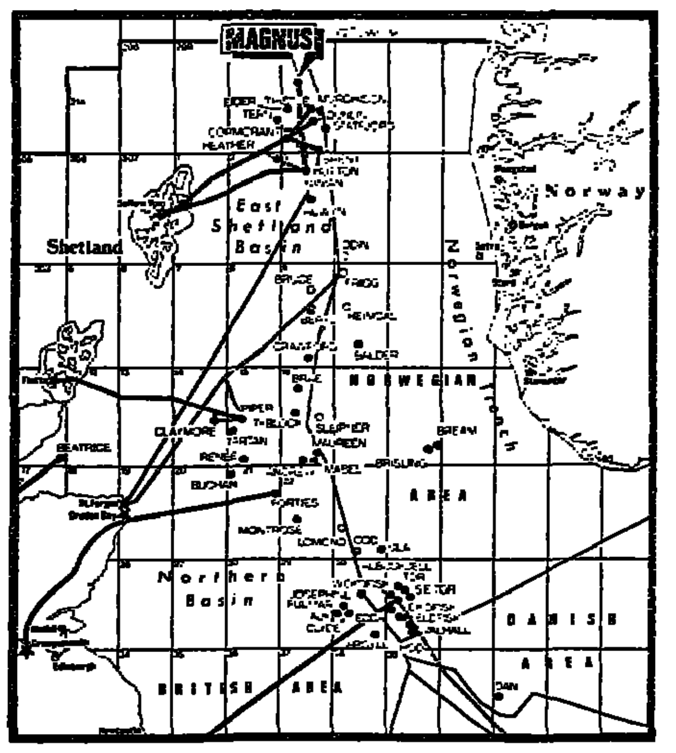
As with oil, offshore operators are now finding it much more attractive to exploit offshore gas reserves. This is borne out by the number of field developments now being undertaken or planned.

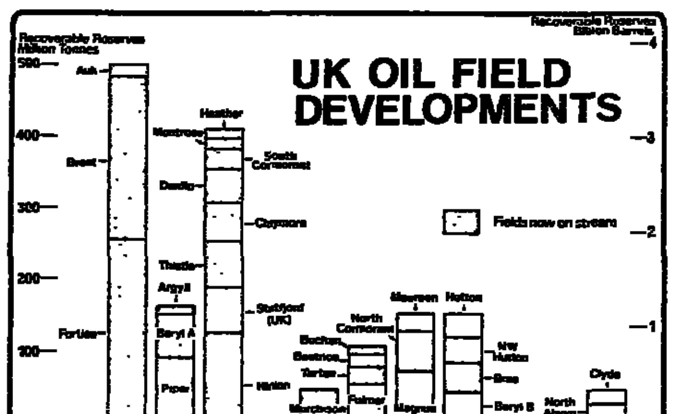
In the case of gas, however, it is not tax incentives which are pushing ahead development but the significantly higher prices now being offered for deliveries by British Gas Corporation, at present the only buyers of UK gas production. That said, oil companies have also begun to press the Government to extend tax incentives to natural gas reservoirs in the southern part of the North Sea. As it stands the abolition of royalties and tax allowances do not apply to the predominantly gas producing area between latitudes 52 degrees and 55 degrees. In the eyes of the oil industry this is an anomaly.

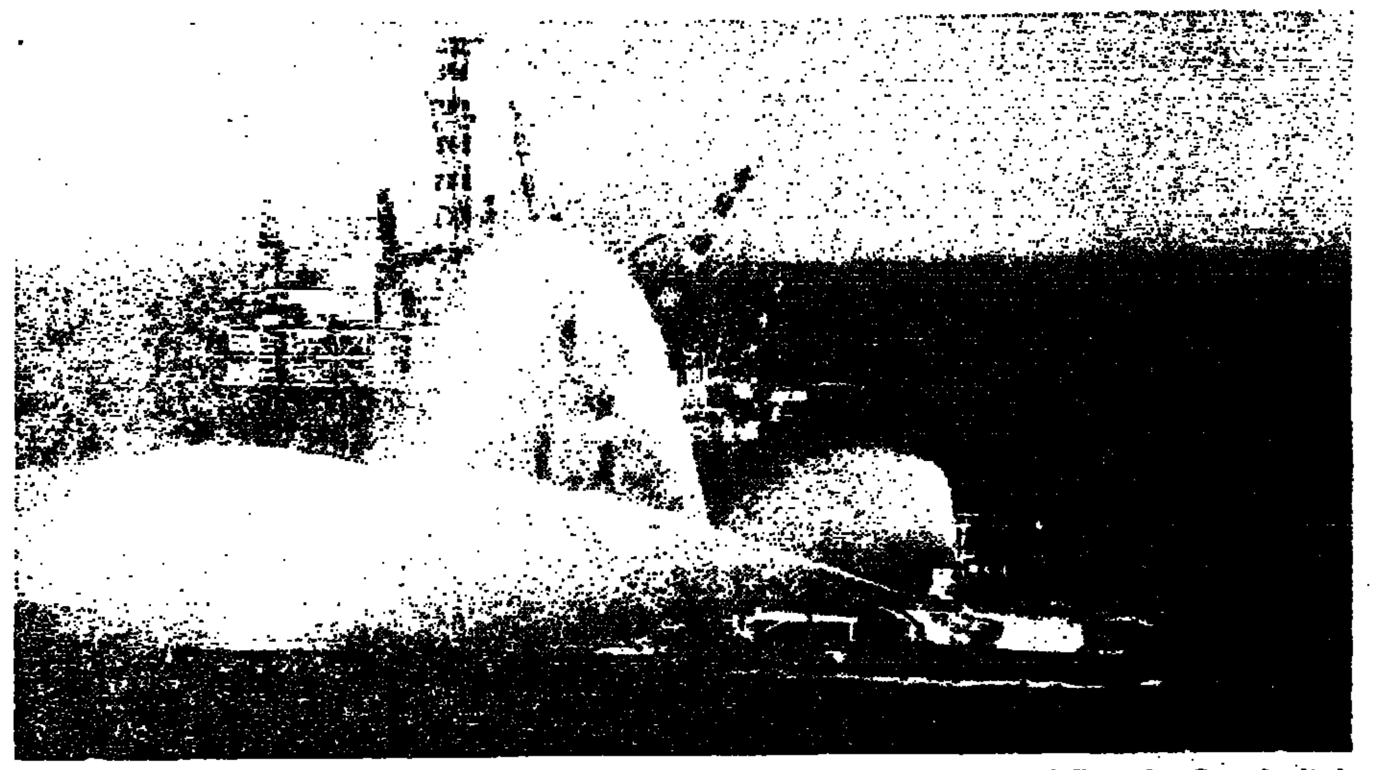
To support their case, companies point out that it is quite possible they will find a sizeable quantity of oil in the southern sector of the North Sea—oil which under present circumstances would be taxed at a different rate from crude produced to the north or to the south, in the English Channel.

While it is true that up to now no commercial oil field has yet been found in UK waters between latitudes 52 and 55, greater surprises have been known. For example the UK-Norwegian Frigg gas field was discovered in a northerly location thought more likely to contain oil while the Beatrice oil field was found in an area of the Moray Firth regarded as virtually hopeless by much of the oil industry. It would be surprising if there were no further surprises on the UK Continental Shelf.

Ray Dafter







Magnus is one of the few Norh Sea fields to have its own specialised standby ship. Called the Seagair it is equipped to deal with fires and oil spills as well as carry out rescue duties

Guarding against disasters

SAFETY and, to a lesser extent, concern for the environment are inevitably a fundamental preoccupation with any North Sea development. The self-interest of any operator would be enough to ensure that precaution goes beyond mere respect for extensive regulations covering design, manufacture, installation, in-service inspection and operation of off-shore fields. The recent explosion on British Petroleum's Forties Delat oil platform was a disturbing reminder of the dangers. Mercifully, only 13 men were injured but the lives of 141 were gravely at risk.

The cost of the damage has not been revealed but is assumed to have been substantial. Lost output from the platform of over 100,000 b/d was made up from increased output by the other three. Any major disruption at Magnus, with its single installation, could not be compensated for in that way.

Precise

Concern about safety and the environment involved in both the planning and execution of the Magnus project has been greater than any other in the North Sea precisely because it is the most northerly development, exposed to the most hostile weather, and in the deepest water.

Magnus is one of only a few fields in the North Sea to have its own specialised stand by ship rather than the converted trawlers usually operated elsewhere. The vessel is equipped to deal with fires and oil spills, as well as carry out rescue duties.

Some of the basic facts, meticulously and necessarily worked out by BP's Environmental Control Centre, give an idea of physical and meteorological context of the project. Water depths vary from 636 feet at the western extremity of the field to 560 feet at the termination of the main crude oil pipeline at the central platform of the Ninian field. The centre's studies have indicated a maximum wave height of 100 feet. The predicted hourly mean wind speed is 125 feet per second.

Estimated average rainfall for the area is in a range of 760 to 1,000 mm. Average humidity is 83 per cent. Air temperatures vary from −1 degree centigrade to +21 degree centigrade. Visibility is below 1,000 feet for 4 to 8 per cent of the time in summer. The seabed is generally flat and gently sloping with no abrupt changes in depth.

Magnus, like all other oil and gas ventures in the North Sea, is covered by the emergency procedures established by the UK Offshore operators Association in conjunction with the Norwegian Industry Association for operating companies and Operators in Dutch and Danish waters. The field falls in the area known as the "Red Sector," one of six zones in the North Sea where Shell is the company responsible for coordination (because of its involvement in the big Brent complex) and would provide support in the event of a major emergency with its emergency support vessel, the 60,000 dwt Stadive with its unique telescopic access tower.

For Magnus, however, BP has invested in its own safety and support vessel (SSV) for first line intervention. Constructed by Richards Shipbuilders, the 2,700 dwt Seagair is 285 feet long and has a beam of 65 feet. It is designed for a crew of 52 people but could accommodate the full complement of the Magnus platform in the event of an emergency. It has a helideck provided for Sikorski S61Ns but capable of accommodating the bigger Boeing Vertol 234.

Four diesel-powered generators, each of 2,850 KV, supply power both for the transverse thrusters mounted fore and aft, as well as for ancillary equipment. Its four fire monitors can direct 80,000 litres of water a minute on any fire. Its oil spill clean-up equipment includes spray booms, 20 tonnes of dispersant, and a skimmer for oil reclamation. It is also equipped to deploy a remote-controlled submersible for inspection and maintenance work.

Subsea and platform wells have been or will be equipped with blow-out preventers and safety valves in line with the most modern oil-field technology. It is reckoned that a blow-out from one of the subsea wells is extremely improbable. A blow-out could be caused only through bad damage from trawling gear or anchors—unlikely because of the physical size and strength of the heads—or during maintenance from a semi-submersible drilling rig. The chances of a serious mishap such as the one in 1976 on the Ekofisk Bravo platform are considered remote.

Breakage

The oil spill contingency plan for a blow-out is also designed to deal with any oil spill from a pipeline breakage.

The main pipeline is cathodically protected, covered with a coal-tar anti-corrosion wrap and a thick concrete covering. The flowlines are more vulnerable, though any spill from them would be smaller. They are covered and automatically shut in so that the contents would be released if there was a rupture.

From Magnus, as any other off-shore field, a spillage could occur for a variety of reasons even if the most serious would result from a well blow-out or pipeline rupture. The remoteness of the field—about 120 miles from the Shetland Islands and 130 from Norway—at least minimises the possibility of any slick reaching the shores of either country.

Through its Vikoma subsidiary (sold last year) BP was in the forefront of one of the techniques for dealing with oil spillages—containment and recovery with booms and skimmers. As for dispersants, UKOA adopted BP's kerosene-based concentrate, BP 1100 WD.

As it is, Magnus is covered by BP Petroleum Development's contingency plan covering all its marine operations. UKOA holds stocks of dispersant and spraying equipment which in an emergency would supplement those carried by Seagair, the first line of defence.

Environmental problems have certainly added to the complexity of the project. Sewage and waste from the platform is being pumped into the water at depth while garbage is being compacted and stored in skips for shipment and disposal ashore. A Drexel-designed system extracts oil and drilling mud from up to 10 tonnes a day of waste before they are dumped on the seabed.

Oily water associated with output is being treated for removal in parallel plate interceptors with the aqueous effluent from the production train also receiving treatment in a gas flotation unit prior to discharge to the sea.

The 500-meter safety zone surrounding Magnus has, inevitably, added to the significant area lost to fishing fleets as a result of North Sea oil and gas developments. It is on the trawler route from Hull and Grimsby to the cod, haddock, and plaice fisheries of Spitsbergen, Bear Island and the Barents Sea, but not the rich inshore grounds of the Faroe Islands. Routing of vessels has involved carefu liaison.

The immediate vicinity of the Magnus field is not regarded as being of considerable value and records indicate that it has onlonly been lightly fished, according to BP's Environmental Control Centre. Its studies indicate that Magnus's development has had only a minimal effect on overall fish catches.

BP also investigated in depth the impact on bird life. In this respect, of course, Magnus will only add to the disturbance of colonies of such cliff-nesting species as the auk resulting from helicopter flights from the Shetland Islands, a major servicing base for the field and also one of the great breeding stations of the world.

Exhaustion

The centre concluded that the colonies most at risk were those at Noss and Hermaness. No evidence was found of any concentration of seabirds feeding in the Magnus area. It is believed, however, that the auk species, which are particularly vulnerable to oil spills, may swim in late summer through the Magnus area, the adults flightless because of moulting and the fledglings still not airborne, en route for Norway. Other migrations pass far overhead, with most at 5,500 feet and some as high as 21,000.

Evidence from the Forties platform was that birds stopping to rest there might die of exhaustion, be caught by gulls and predators accompanying them, fall into the sea—or fly iton the flares. The presence of structures is not completely negative as far as migrants are concerned.

"Birds settling on offshore structures would almost certainly have failed to reach their destinations were not for these unexpected resting places," noted BP's assessment of the Magnus development.

Richard Johns

Mark Meredith on the development of a unique plough

How new ground was broken to bury pipes

PRODUCING oil at greater depth in the cold and hostile waters around Magnus has pushed back the frontiers of off-shore technology. Among the new equipment produced in the UK to meet the demands of exploration in Magnus was a 80 tonne underwater crawler tractor able to perform heavy duty tasks on the seabed. It has been developed by UDI, a subsidiary of the John Brown Group.

BP faced a problem with the flow lines carrying oil from the seven satellite sub-sea stations—seabed wellheads—four to seven kilometres away from the central platform.

The temperature of the water at this depth and this far north meant that the oil could cool, become waxy and flow more sluggishly.

Thermal insulation—through covering the pipe with concrete—was a help but ideally the pipes needed to be buried.

Trenches for pipelines have been dug before, sometimes by a plough dragged behind a tug, sometimes by a sledge blasting soil away with jets of air. The conditions around Magnus made both these techniques unsuitable.

Project managers wanted a trench that would not harm the pipe and pulling a plough at this depth was out of the question. They also wanted to ensure that the pipeline was properly buried and not left lying in an open trench.

The solution was a plough designed to dig a trench for the pipeline about one metre deep and replace the ploughed soil.

An earlier £1m project by UDI to develop an underwater tractor for sealed inspection brought the company to the Magnus project. The project, Seabug, was developed during the mid-70s but did not take off commercially.

In 1980 UDI was signed by BP as a prime contractor to develop and manufacture the remote controlled seabed trencher. The project ran alongside the stable engineering surveying and underwater television activities of UDI.

Powerful

The new machine would have to be not only powerful—but also agile and soft footed enough to cross other pipelines without damaging them.

The vehicle however was not designed to lay the large 40 inch pipeline which connects the oil platform to oil and gas terminals onshore.

After construction at UDI's Aberdeen base, the remote controlled trencher underwent trials on a local beach in August 1981.

The trencher is a squat vehicle with broad based, rubberised tracks powered by electric motors. It picks up the pipeline through a front end feeder which pays out through the back of the vehicle and through the throat of the plough which cuts the trench. The machine is then brought to the surface and the plough replaced by another appliance to rebury the pipeline.

The vehicle operates from a ship on permanent charter, the Star Arcturus. A large A-frame crane lowers the trencher over the stern of the ship by its control cable which is fed out through a powerful winch from a large cable drum.

It is also ideally suited for the control cables which run between the sub-sea systems and the central platform, the so-called umbilicals.

These umbilicals carry the hydraulic hoses as well as electric power and signal cables. The cables can also be paid out from a separate drum on board the Star Arcturus and passed on to the trencher for burying.

The trencher picks its way along the seabed using a network of underwater television cameras and sonars fitted around the vehicle. A mechanical arm, also equipped with camera, can place and cut cable when laid.

Mike Hosking, UDI's managing director and a former submariner, sees the work in deeper waters as a logical extension of his company's activities.

"After all, you need to see what you are doing underwater. We have remote control technology for the tooling side and technology for locating. We also have the navigational side giving people the ability to find out where they are. As people move to more hostile areas, these technologies are going to become increasingly important."

Other jobs have followed including a Britoil contract to lay umbilicals for the sub-sea controls along the northern end of the gas pipeline which connects many of the fields off the east Shetland basin to onshore terminals.

THE ARTS

The Genius/Royal Court

Michael Coveney

It is three years since Howard Brenton's translation of Brecht's *Galileo* opened at the National. His wonderful new play at the Royal Court takes up the theme of an innovator's responsibility in the nuclear age and achieves an astonishing lift off into the related realms of education, the Cold War, student radicalism and political theory.

The Genius is rich in pertinent argument, dense with beautifully hard and mobile characterisation, *teeming* with memorable stage pictures and bristling with Brenton's very best writing: flinty, impassioned, explosive. And not for the first time, the tiny Sloan Square stage rises to the challenge of a large-scale piece with ingenuity, resource and a perfectly tempered design language (courtesy of Peter Hartwell). None of that worrying, operatic dislocation of text and busy fiddling about which disfigured *The Romans in Britain* in the Olivier.

The contemporary Galileo is "a radical mathematician" on secondment from the Massachusetts Institute of Technology to an English university in the Midlands. Leo Lehrer is an exile, late 20th century style, who has flushed his horrifying discovery of how to unify the force fields down a lavatory after receiving overtures from the Pentagon. He has *arrived to* indulge in pure research and fends off the vice-chancellor's welcoming offer of a muffin in the rain with a fierce demand for unlimited computer time.

But Lehrer (yes, you remember Tom's song too) is fooling himself, *for the insistent thrum* of the piece—reflected in the pervasive drone of Patrick Bridgeman's fine soundtrack—is that there is no longer anywhere to hide. Lehrer encounters a brilliant student, Gilly, from Watford who, in between reassuring her mother that she is not indulging in orgies or hard drugs, has hit on the very same final solution that has traumatised the Nobel prizewinner.

Their duel, began *in a whirl* of cataclysmic excitement in the campus woods, underpins the rest of the evening. Lehrer says he can no longer play the piano as the tunes would burn the air. Gilly rejects this moral piety before being *forced* to face up to the dangerous reality of her own school sums.

At this point the metaphorical power of the play steam-rollers any slight misgivings as to the credibility of Gilly as an *Einstein-quoting* prodigy who has not even heard of Galileo. Drinks on the lawn with the vice-chancellor (a brilliant role, superbly taken by Clive Swift, as good as the elegiac academic in Brenton's *Magnificence* 10 *years ago on this very stage*) are disrupted by a varsity rag of chillingly hilarious force. Acrid liquid is served by Gilly fully togged up in a skin of first degree burns.

By this time, another rich vein has been tapped by Lehrer's affair with his sponsor's wife. In a magnificent snow scene, their lust bursts through the interruptions of radical feminist games on Gilly's carved equations (*"Get off my sum"*) and of a cycling eccentric (Alan David) later revealed to be a crucial, cynical red mole.

Alastair Muir

Trevor Eve and Joanne Whalley

An alcoholic student is also on hand to pressurise Leo on behalf of British intelligence, and the university debate is memorably encapsulated in an academic showdown in the vice-chancellor's civilised den. With breathtaking economy, this privileged nook descends complete with Georgian mouldings from the flies.

The action, in Danny Boyle's fluent, assured production, moves from campus grounds to a lamplit street by the Russian Embassy and finally to a protest *group outside* a *nuclear* missile base in the country. Here Joanne Whalley's Gilly has reached her conclusion that there can be no more secrets.

Hugh Fraser and Anna Nygh as an *academic couple torn* apart by Lehrer's intrusion are alive to the nuance of the text and fall on it with relish and finesse. The former mixes comedy with pathos to marvellous effect. And the whole show *is held together by Trevor Eve* as Lehrer: tough, cool, cocaine-sniffing, promiscuous, a man who has been through the mill. This is an outstanding piece of acting in a play which is quite clearly one of the most important and *enjoyable* of the year.

Television/Chris Dunkley

Bulls, bears and cries of 'wolf'

Among those who take television seriously, believing that at its best it can be quite wonderful and that there should be perpetual efforts to achieve such heights, the current fashionable attitude is one of deep gloom. Not long ago the opposite was true. British broadcasting was full of people ready to tell you enthusiastically how cables and satellites, tapes and discs were going to lead to an explosion of new programmes, many of them fundamentally different from the old.

Only a year ago bullishness was all the rage and we were being told how, thanks to Channel 4, a brand new pool of talent was forming in the independent sector. All-news cables on the American pattern were being predicted for Britain, music and movie channels were on the way, and people were looking forward to the dust being blown out of broadcasting with the coming of the wired society.

Now the bulls have gone very quiet and you only hear from the bears. Some tell you that if cable has worked in the U.S. it is simply because Americans were so grateful to be offered a service without perpetual commercial breaks and that the British will never buy cable because they already have BBC1 and BBC2, and even British advertising channels are less commercially infested than America's. What's more, they add, video recorders arrived first in Britain and they have established a powerful hold on the market. Viewers already paying £15 a month for a VCR to gain a wider choice are hardly going to fork out another £15 for cable to do the same thing.

Bulls in another group maintain *precisely the opposite*: that cable will succeed in Britain not least because the government is determined that it shall. Yet they are no less gloomy. This success, they predict, will be achieved at the cost of destroying *Britain's proud tradition* of high quality public service broadcasting. As they see it the only way cable television will be able to make a profit is by buying dirt cheap from the huge American stockpile of old series. *Perry Mason*, *Wagon Train* and *Star Trek* will steal the viewers, BBC and ITV audiences will shrink dramatically, and thus the economic base of Britain's high quality programme making will disintegrate.

It is not easy to see why the shift from bulls to bears should have occurred quite so fast, though one suspects that optimism peaked just before the opening of Channel 4 and breakfast television, and has slumped because of the chorus of scorn which greeted Channel 4 (now getting 5 per cent of the audience with standards arguably improving, *incidentally*) and the fiasco at TV-am which so rapidly abandoned its mission to explain and—in a looking-glass version of the Pied Piper—sent out a rat to lure away the children.

All *the* assumptions tacitly accepted in these arguments are of course questionable. Cable may be attractive in the UK by virtue of being a modern inter-active system and might cause an information-led entertainment revolution rather than vice versa. Old American series could prove to be a drug on the market: Channel 4 has already offered us *I Love Lucy*, *The Munsters*, *Bewitched*, *Car 54 Where Are You* and *The Dick Van Dyke Show*, and the three older channels have always exploited low American programme prices whenever it suited them. As for the reasoning on VCR and cable, that can be turned on its head: the unparalleled enthusiasm for video recorders in this country has proved that the British are quite ready to spend more to increase their choice of programmes, so obviously cable will work.

But the most important assumption underlying the whole debate is the same one that has dogged every debate about broadcasting in this country from the very beginning: that the interests of businessmen and programme makers are mutually exclusive. The evidence appears to point consistently the other way, from the influence of radio equipment manufacturers in the formation of the British Broadcasting Company (the forerunner of the BBC) to the involvement of the commercial lobby in setting up ITV.

Yet every time businessmen come along with new hardware to revolutionise programme distribution the programme makers react with deep suspicion, ingrained conservatism, and miserable pessimism. When the introduction of commercial television was debated in the Lords in 1953 Lord Reith who had been Director General of the BBC drew a parallel with the introduction of smallpox, bubonic plague and the Black Death into England. By all accounts the tone of some of the comments at this month's Edinburgh TV Festival on the coming of cable to Britain were worthy of Reith.

Yet when you come down to brass tacks and look, for example, at the drama in the *new autumn* season what do you find? New series offered in the first week by the bubonic plague brigade (the ones who brought us *Brideshead*) included *Reilly Ace Of Spies*, *The Winds Of War*, *Killer*, and *A Brother's Tale*. Against this Lord Reith's chaps have so far managed a re-jig of *The Godfather* borrowed from the American cinema and just one genuine new television series, *The Gathering Seed*.

Judged as a whole the season's drama seems to lack a sense of freshness or real excitement. In favour of the Reithians I have to say that although heavily outnumbered their single new series does feel like the only one to have been written out of passionate conviction and the desire of the author (Jim Allen) to speak to the public. There may be little new in *The Gathering Seed's* tale of a northern boyhood marked by hardship and tragedy, but Allen comes as close as anybody to doing for television what Dickens did for the novel: conveying his anger at the injustices thrust upon his people by describing the minutiae of their daily lives with deadly and fascinating accuracy. The emptying of the jerry on a freezing winter morning, the pawning of the old man's Sunday best, the caning from a righteous teacher/priest and many other details seethed with suppressed rage.

In great contrast the writers of the ITV series appear to have worked to the detailed specifications of somebody else's preconceived formula. *The Brother's Tale* from Granada could prove to be an exception; Episode 1 looked like very high quality soap opera, shot on some rather pleasing locations with a goody-goody teacher brother, and a wicked lecherous professional footballer brother (all set to switch roles, perhaps) but matters could swing either way.

The Winds Of War, *Reilly Ace Of Spies* and *Killer* have all been filmed on location and all look *highly professional*. The first two are period pieces and the third which is contemporary deals with the safe and hackneyed subject of murder and detection, pairing a hard bitten chip-on-the-shoulder cop of the old talk-tough school with a clever dick Johnnie-come-lately university graduate detective. *Reilly* is probably the most original of the three (though it vaguely recalls Ted Willis's 1963 series *Sergeant Cork*) yet all three are pretty familiar sorts of programmes.

But then the Astaire musicals, the John Ford Westerns, the Warner Brothers thrillers, the Karloff horror movies and the Marx Brothers comedies also followed formulae. That does not alter the fact that they provided marvellous entertainment which not only pleased millions of people at the *time*, but still pleases people today. Moreover those films are now considered by many to constitute the very centre of a great cinema heritage.

The Americans have done everything possible to make *Winds of War* unwatchable. They have driven us up the wall for weeks beforehand with long pretentious trailers. They have concealed the dialogue behind a curtain of foreground music which reiterates a banal five-note theme endlessly in television's version of white noise torture. They have employed armies of ad men to hype the statistics (fifty zillion dollar budget, 8,000 locations, 700 tons of pancake makeup on Ali McGraw, and so on). And yet the evidence of Episode 1 suggests that it is going to provide eight hours of remarkably good—and almost certainly very popular—entertainment. What price now the bubonic plague?

Time was when Punch, keeper of the English middle class conscience, saw BBC radio leading the nation into a new age of tasteless vulgarity. Then the BBC became the keeper of that same conscience and orchestrated the warnings against *commercial television leading* the nation into a new age of tasteless vulgarity. Now ITV regards itself as co-guardian of the public service broadcasting ideal and many of its producers have joined the BBC in warning us all against the dangers of cable leading us into a new age of tasteless vulgarity.

Of course the trouble with the little boy who cried "Wolf!" was that one day the wolf did arrive.

> "Of course the trouble with the little boy who cried 'Wolf!' was that one day the wolf did arrive."

A Streetcar Named Desire/Greenwich

Martin Hoyle

Voltaire accused Marivaux of weighing butterflies' eggs in scales of spiders' webs. Tennessee Williams's characters keep the world at bay behind ramparts of spun glass manned with cannons that prove to be no more than roman candles.

Until recently written off in Britain as deep-south gothic and—most damning of all—"the trical," Williams's style is finally acknowledged as quirkily poetic in its whooping flights of pained fantasy, oblique snatches at passion and revelations of genteelly concealed agony. In his way he is as individual a stylist as Firbank.

The Greenwich season opens with an uncommonly strong evocation of his characteristic themes. Blanche Du Bois is the archetypal Williams wounded bird taking refuge in wistful delusion. If Vivien Leigh stamped the part with her own waif-like fragility, Sheila Gish's streak of toughness makes her descent into madness all the more shocking.

She enters, aptly, behind the gauze wall of Bernard Culshaw's New Orleans interior, to be led back finally into the same compassionate blur. Initially, her loopily well-bred flightiness, allied to a roaming accent that *touches on the Antipodes*, recalls an outraged schoolmarm; but she brings dignity and conviction to Blanche's doomed moth flutterings, moving in her advances to the bewildered young door-to-door collector and gripping—William's writing is at its best in such soaring solo arias—in the account of her homosexual husband's discovery and suicide.

This fine central performance is strongly supported. Any Stanley Kowalski faces the same challenge from Marlon Brando as subsequent Brando-nells must from Edith Evans. Paul Herzberg begins too young and good-natured: the high school football star rather than the sub-human, all coiled animal menace and gusto for the physicality of life, of Blanche's fears (or desires?).

He and Miss Gish remind us of the author's often overlooked humour. Whereas Brando's bovine jokiness was half-intentional this Stanley is a conscious funny man who still musters up enough menace to be frightening by the end. The production is confident enough to let Blanche be laughable, not just in her vague description of the Poles as "something like the Irish … only not so high-brow."

Clare Higgins, warm and practical, is a positive Stella. Duncan Preston's gauchely well-intentioned Mitch is comic, not caricatured.

Reservations remain: sinister old flower-sellers mouthing Berlitz Spanish phrases belong to the less acceptable streak of florid symbolism that embarrasses the British. But the rest is taut and moving.

Alastair Muir

Sheila Gish

Quack Quack/Chipping Norton

B. A. Young

Chipping Norton's little Theatre is in narrow Spring Street, round the corner from the Chequers. It was once a Salvation Army hall and has a splendid acoustic and comfortable seats.

Quack Quack, written by Dudley Sutton, with songs by Jeff Clarke (who sits below the raised stage at a piano festooned with cymbals and things), is said to be based on an idea from Molière. The idea is that you have to beat up a doctor to get the best out of him; or in Mr Sutton's rhyming dialogue, "doctor-bashing brings the cash in."

This isn't some satire, keen and critical, about the fashionable practice of suing the hospital when your cure has gone astray. It's a mad entertainment that wanders through the adventures of Sam, who distils gin from mistletoe, and the bizarre characters that inhabit his world. These are Thomas, who begins as a gardener's boy but ends as a pop star; Martine, Sam's henpecking wife; Bo and Fergus, two hoodlums working for the National Health; Gerald, a magistrate, and his lovely daughter Lucinda; and Barry, Lucinda's fiancé. Mad, call I it, for to define true madness, what isn't but to be nothing else but mad? Yet even Polonius would have found something else: that it is idiotically funny from start to finish.

The dialogue is all in rhyme ("the tyranny of rhyme left me little leisure for accuracy," the *programme quotes*). The rhymes, lots of them worse than anything that ever came out of a pantomime, are more or less independent of rhythms; they just go inexorably on. The songs are, for once, more memorable for their words than their music. Lucinda, cashing in on simulated anorexia, has a number called "Think thin," and later she and Thomas do a splendid duet which is a variation on a Shakespeare lyric. They marry, these two, although she was pledged to Barry; he lures her away disguised as a pony.

The secret of the comic charm *lies chiefly in the inventive and* firm direction of Murray Melvin, who has never allowed any second-class playing to intrude on what, in other hands, might look like a students' rag. Of the principals, Jeff Pirie is Sam, Christine *Pilgrim* is his wife, James Biddlecombe is Thomas, and Jill Barry the gorgeous Lucinda.

Israel Philharmonic at the Albert Hall

Mehta and the Israel Philharmonic reappeared for Monday's Prom with Mahler's huge Third Symphony, joined by the American mezzo Florence Quivar, the BBC Symphony Chorus and the Tiffin School choir who had collaborated in Stravinsky 10 days earlier. The broad lines of Mehta's reading were eminently sound, and conceived as running straight through the six-movement structure; the performance was well received; but the undistinguished net effect was a lesson in the importance of small Mahlerian details.

Mahler's notoriously finicky markings aren't expressions of *personal taste, but guides to* making the score *work*. Vital clues to holding or advancing a tempo were ignored, as were many dynamic "hairpins" (even the impressive Miss Quivar sinned in such *respects*). The *towering march* of Pan lost its elemental force, and argued passion became simple sentiment. Fluffy horns and an *unsettled oboe didn't* help. The Symphony sounded overweaning and a bit crude, which it isn't.

DAVID MURRAY

*

To have to follow the Concertgebouw, in miraculously refined and glowing form under Haitink, made on Sunday at the first of the Israel Philharmonic's concerts, for a most unfortunate succession—though *it was not long before* expectations of the opening account of Berg's Three Orchestral Pieces, Op. 6, were removed from any such high level.

Even when measured according to more appropriate standards, however, the performance left a distressing amount to be desired. Mehta showed no apparent awareness of or concern for Berg's formidably brilliant and precise scoring, let *alone the intention behind* every note and marking. Individual lines were left limp and straggling, not vigilantly *placed within a larger dramatic* scheme of graded voices; dynamics were subject to the bluntest simplifications.

The reading of the Schumann D minor Symphony that followed was, if anything, more inadequate still. Again, one was tempted to ascribe full blame for the chain of musical indelicacies to the conductor. An orchestra plays only as well as its conductor insists: to hear those wonderfully characteristic *ritenuti* in the second movement—those sudden admissions of Schumannesque doubt or wonderment — reduced each time with a screech of brakes to musical illiteracy appeared as a mark of Mehta's musicianship.

Luckily, after this exceedingly uncomfortable first half, relief was at hand in the form of Daniel Barenboim's command of the Brahms D minor *Concerto* piano part. From the soloist there seemed to emanate an authority and sense of a purpose so notably absent *earlier; and though the accompaniment* was seldom the equal of his beautifully limpid sense of touch and phrase, the experience proved truer to the composer in question than those of Berg and Schumann had done.

MAX LOPPERT

Joint sponsorship for Scottish Opera's 'Idomeneo'

A group of companies will co-operate in sponsoring Scottish Opera in what is believed to be the first deal of its kind in Britain. The joint commercial sponsorship agreement, worth £20,000, will help finance the new Scottish Opera production of *Idomeneo* which will be seen in Glasgow in October.

Those involved in the joint sponsorship are Macaggart and Mickel, Scottish Brewers, the Trustee Savings Bank, British Airways, Scottish Gas, the Bank of Scotland and the Fraser Foundation.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

September 9-15

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European emigrés working in Tinseltown during the war. As a linking Stoppardian device, Odon von Horvath appears alongside Michael Gambon's impersonation of Brecht. (928 2252)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspirational intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (930 9832)

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic material but a highly re[illegible] and above all different, sort of evening. (836 9988)

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 6834)

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliffhop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108)

NEW YORK

La Cage aux Folles (Palace): Perhaps this season' outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act *finale a la Gaité Parisienne*, but the intimate moments borrowed direct from the film. (757 2626)

Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home *makes for the intellectuals' form of* sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from *backstage to loneliness incorporates* all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

The Corn is Green (Lunt-Fontanne): Emlyn Williams' 1940 comedy about a middle-aged spinster who goes to Wales to start a school is the second offering of Elizabeth Taylor's new repertory company, which, without a role for Miss Taylor, has a cast led by Cicely Tyson, directed by Vivian Matalon. (575 9200)

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of *Mozart's life*. (247 0472)

Agnes of God (Music Box): The fiery trio of Geraldine Page, Diahann Carroll and Lily Knight enliven a somewhat over-written clash of ideologies. (246 4636)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

Extremities (*West Side Arts, 42rd W. of 9th Av.*): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast. (541 8394)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George *Balanchine and directed, like the* original, by George Abbott. (977 9370)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run [illegible] touching childhood reminiscence *now that the Nederlander organisation* generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

WASHINGTON

Wind in the Willows (Folger): Composer William Perry and lyricist Roger McGough chose a wonderful old chestnut to turn into a musical to add a new generation's appreciation of Ratty, Mole, Badger and Toad of Toad Hall. Ends Sept 18 (547 2230)

American Buffalo (Terrace): Al Pacino's humane and lively performance gives a wholly new and fresh look to David Mamet's bemused version of American low life with larceny in its heart, as directed by Arvin Brown of the Long Wharf Theater. Ends Sept 25. Kennedy Center (254 9895)

CHICAGO

Flash in the Pan (Theatre Building): The inaugural offering in Paramount Pictures' venture in supporting the Apollo Group's new-play series uses music to retell Grimm fairy tales. The writers-performers are veteran nightclub artists, Denise De Clue, Jeff Berkson and John Karraker. 1225 W. Belmont (327 5252)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

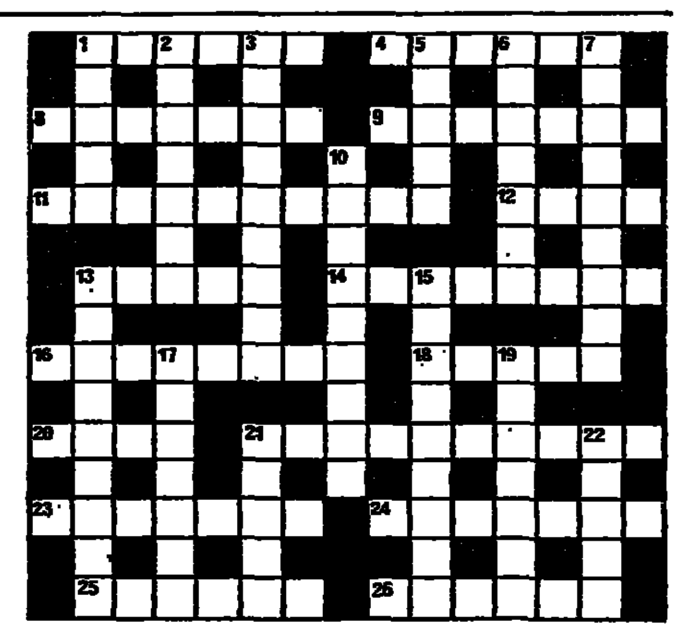
F.T. CROSSWORD PUZZLE No. 5,216

ACROSS

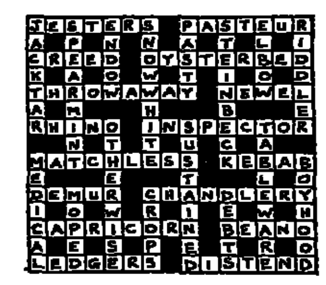
1 Leave car at home? That takes the cake! (6)
4 Drum for piper's son (3-3)
8 Object in paper (7)
9 Owl's call for loose stones at church (7)
11 Beadle giving nutmeg to his mother? (4-6)
12 Side or headlights (4)
13 Came across nearly everything like gold (5)
14 A king's daughter—good heavens!—was ill returning (8)
16 What makes the crew d—miserable? (8)
18, 20 Poor sort of wedding-ring for musicians? (5, 4)
21 Wilde bores? That's wrong—but perhaps he will if you do this to him (10)
23 Draw island train (7)
24 Unselfish piety gives something to eat (4, 3)
25 I've got it, you stinker, do you hear? (6)
26 Seize a pole naturally, as they say (6)

DOWN

1 Standard degree in place of cheese (5)
2 *Clothing torn without purpose* (7)
3 Not being well, I shall start with toast, perhaps (3, 6)
5 Wilde has a very large motor (5)
6 Vibrate, as a high voice round opening of melody (7)
7 One who laughs, one might say, at misdeeds afoot (9)
10 Repression of joke on feathers? (5-4)
13 Name for a nobleman following mother and marines (9)
15 Beer upset by stammering beast causes uprising (9)
17 Small fish in a row, about 500-550 (7)
19 Tunes for jazz, possibly: it doesn't touch a ball! (3, 4)
21, 22 Forgery is his business (5)



Solution to Puzzle No. 5,215



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Wednesday September 14 1983

Competition in credit

THE DECISION by Abbey National, Britain's biggest building society, to opt out of the Building Societies Association's system of recommended interest rates has evoked a pained response from many of its competitors. But then it would: the desire of successive governments to protect house purchasers from financial reality has exempted the societies from normal market pressure for more than 40 years. Small wonder that they now tend to see all competition as "unbridled" and regard a decision by a fellow member to quit the comfort of the cartel as "ungentlemanly".

Yet it is a moot point whether the results of this move will be quite as dramatic as the bare headlines might suggest. For a start the cartel has been of diminishing importance of late. Only the building societies' ordinary share accounts are subject to the recommended rate and these now account for less than half the societies' total deposit base. And it appears that Abbey National is not yet ready to take the war to the other side of the balance sheet and compete on the mortgage rate itself.

Nor does experience of the abolition of the clearing bank cartel in 1971 suggest that turbulent competition in interest rates is likely to break out. Financial markets are highly sensitive; in practice if one clearing bank raises its base rates, the others follow suit within days.

The implication, in the context of housing finance, may simply be that Abbey National is not averse to using its competitive muscle to influence rates to the detriment of smaller competitors. At the same time, like most of the other big (and some not-so-big) societies, it is offering services to investors that take it into more direct competition with the banks. Membership of the cartel becomes less relevant and possibly more inhibiting as it does so.

Volatile

In the longer run, however, the impact of the move could be more profound. If Abbey National does use its muscle outside the cartel, building society rates are likely to be more volatile. And it is hard to see how mortgage rates could then be insulated from the ups and downs in the investment rate. This clearly worries the societies. The recent departure of the clearing banks from new mortgage lending has allowed the societies to retreat into the old system of rationing mortgages by queue instead of price. But that system could now be under threat from within.

If the result is that the housing finance market approximates more closely to wider financial reality, this is all to the good—notwithstanding the inconvenience to hitherto over-protected home owners. Over the past decade or so, financial markets have been badly distorted by an excessive bias towards housing. As building societies took an increasing share of the savings cake in a period of high inflation, the public sector found itself funding its debt increasingly in the capital markets; this in turn meant that the corporate sector was thrown back into the banking system for funds, which put upward pressure on the money supply.

Stumbling block

At the same time, tax relief on mortgages built a greater tolerance of higher interest rates into the financial system, which meant that higher interest rates were necessary to achieve a given monetary objective. The corporate sector thus paid more on its spiralling debt to the banks, which were unable to reduce their advances in recession for fear of precipitating wholesale bankruptcies.

With lower government borrowing and increased public-sector financing in the private savings market—partly in competition with the building societies—the muddle is beginning to unravel. Abbey National's move may be one step in the process. But it has much further to go before the monetary system is back on a sound footing, thrift enjoys its fair reward and the inflationary psychology in housing is broken.

The chief stumbling block is mortgage relief. Since this appears to be a personal blind spot of Mrs Thatcher's, it may take time to pare it down. But in the meantime the government should consider scrapping the building societies' composite income tax rate, which penalises tax-exempt small savers and leaves the banks disadvantaged as the societies move on to their patch.

Self-help in the Third World

THE INTERNATIONAL debt crisis has focussed attention on the developing countries' continuing need for capital from overseas. Capital inflows, whether they take the form of bank lending, direct investment or concessionary aid, are indeed essential to supplement domestic savings. But it would be a mistake to assume that, even if flows of capital could be restored to the levels which prevailed before the debt crisis blew up (which in any case is highly unlikely), this will solve the developing countries' problems. For it is not so much the amount of capital at their disposal which determines their rate of economic growth, as the efficiency with which that capital is used. Return on investment in developing countries has been declining in the past decade, both because of inappropriate macro-economic policies and because of poor management at all levels.

"Better use of capital offers the greatest scope for raising the growth rates of developing countries." This is the central theme of the 1983 World Development Report, published by the World Bank and it is echoed in the annual report just issued by the International Monetary Fund.

Capital and labour

Both documents reflect a view of development which emphasises comparative advantage, participation in world trade and allowing markets to work. "Efficiency," as the World Bank publication puts it, "requires capital and labour to be priced according to their marginal productivities at international prices. In other words, labour costs per unit of output must be kept internationally competitive and interest rates should reflect the cost of foreign borrowing. If this is done, countries will invest and expand in ways that reflect the relative scarcity of capital and labour—avoiding, for example, capital-intensive production methods if they have abundant manpower."

The IMF takes up the same theme when it refers to the temptation to bypass intermediate stages of development in order to specialise in more sophisticated forms of manufacturing. "Scarce resources may be wasted by prematurely initiating, and subsequently protecting, activities that are capital intensive or use advanced technology, which cannot be operated efficiently at the level of labour and management skills available within the foreseeable future."

Neither the bank nor the IMF is seeking to impose a doctrinaire form of laissez-faire on the developing countries. They recognise that governments will continue to play a key role in financing and managing infrastructure projects, in providing essential services through state-owned enterprises and in many other ways. Their message is that governments should be selective in their intervention and not allow the public sector to expand to the point where its managerial capacities are over-stretched.

The World Development Report underlines the need "to reassess priorities, prune what has become unmanageable and strengthen the effectiveness of the state's core responsibilities. Less reliance on controls and more on incentives to achieve social and economic objectives would also reduce the burden on the public sector."

Greater reliance on markets and on the price mechanisms runs counter to the *dirigisme* which has been such a dominant element in the theory and practice of development since the war. But there is now ample evidence that countries which pursued inward-looking policies based on self-sufficiency, centralised planning and bureaucratic controls have fared worse than those which participated in world trade on the basis of comparative advantage.

Social objectives

Moreover the pursuit of greater efficiency is not linked to a particular ideology or political system; it is compatible with policies designed to ensure more equal income distribution and other social objectives. As Mr Deepak Lal argues in his recent Hobart paperback, the Poverty of Development Economics, the most important lesson of the varied development performance of the Third World over the past three decades is that efficient growth which raises the demand for unskilled labour by "getting the prices right" is probably the single most important means of alleviating poverty.

WORLD ALUMINIUM INDUSTRY

A boom no-one expected

By Ian Rodger

THE aluminium industry is booming again. Emerging from the longest and deepest recession in recent history, it has been one of the main beneficiaries of the consumer-led recovery, especially in North America.

Prices have doubled since January, rolling mills are running flat out, and there is a strong prospect of a general metal shortage by the end of the year.

But can the boom last? And if it does, where are consumers going to get more metal?

Those are the questions that are worrying industry leaders in both Europe and North America as they attempt to interpret a range of conflicting signals and trends.

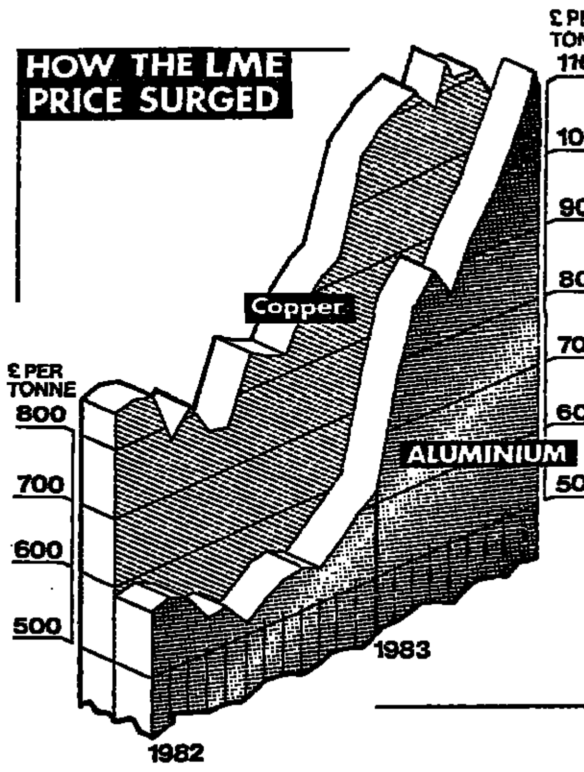
- The latest aluminium producers' inventory statistics, published this week, reveal that the 11-month plunge from the record levels of early 1982 has ended. But opinions are still divided about whether this is an indication of softening demand or a normal summer easing of activity.
- The London Metal Exchange price, having risen strongly for over a year and even surpassed the copper price in August for the first time in history, has been marking time for the past month. The industry is waiting to see whether aluminium's relatively high price will encourage customers to shift to alternative cheaper materials, and so stifle further growth potential.
- North American producer prices are running well ahead of European prices and even ahead of the LME price. Just this week, Alcan Aluminium of Canada followed Aluminium Company of America's lead last month by raising its North American price to 81.5 cents per pound. Who is right about current market trends, the American bulls or the European bears?

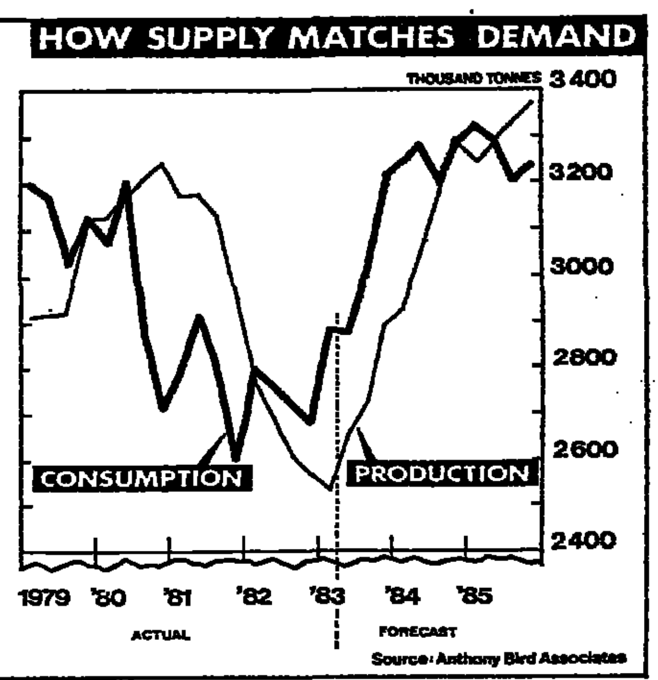
"We find that we can still push through price increases in all our major product markets, except aircraft," says a spokesman for Alcoa. But the company is still concerned that rising U.S. interest rates could damp down the American recovery.

European industry leaders, meeting early this month in Dusseldorf, were unanimous in noting some improvement in their markets, but they could see no signs of a boom.

This transatlantic price difference is already worrying the European producers. On the one hand they doubt their customers' ability to absorb further price increases, but on the other they are concerned about their own ability to find enough metal to meet their needs, unless their prices rise to meet U.S. levels.

Significantly, the new U.S. price is about 12 per cent above European prices, just enough to cover tariff and freight costs so that any excess metal available will be drawn to the U.S. rather than Europe. Already this has led to isolated shortages in Europe, and it now seems likely that there will be a general world shortage by the end of the year, unless there is a significant—and unexpected— decline in demand.





Mertvn Barnes

Tonnage figures in second table refer to quarterly rates

The past three years have been hard for the industry. Official industry statistics show that total free world smelting capacity has held steady at 13.9m tonnes since 1980 while annual consumption fell to 10.9m tonnes last year and production to 10.5m tonnes.

Of this 3.4m tonnes of idle capacity, it is estimated that up to 2.5m tonnes will never come back on stream and another 0.5m tonnes will only return if prices go up another 25 per cent or so.

Almost all aluminium smelters in Japan, most in Europe and many in the U.S.—even modern and efficient ones—are no longer competitive at current prices. So far, however, most of these have been kept open, supported by direct government subsidies or special electric power tariffs.

Aluminium is smelted through the electrolytic reduction of refined bauxite and electricity is thus a major cost of production. Because of the rapid rise in open market energy prices in the past few years, the cost of power for smelters that have to buy their electricity has risen well above that of those that have their own electric power generation equipment and/or access to cheap fuel.

It is impossible to predict how long government support operations will go on. Similarly, it is possible that some of the high cost smelters thought to be permanently closed, could come back on stream, if prices rose significantly.

As for new capacity, very little has been built in the past decade because of the failure of aluminium prices to keep pace with rising costs. Official figures indicate that only 500,000 tonnes is scheduled to come on stream in the next 15 months.

While the recession was at its worst the implications of this were largely hidden. But this year consumption is heading for an 8 per cent rise to 11.8m tonnes, and the industry's inventories have tumbled from over 5m tonnes early last year to under 4m tonnes. Mr David Culver, president of Alcan, said recently that the company's inventories were now "at minimum working levels."

> The most serious shortages are in Britain, ironically the only European country to have closed a smelter recently

As a low cost producer with ample supplies of cheap hydro-power, Alcan maintained its operating level during the recession at over 80 per cent, but it has raised it to 92 per cent so far this year and expects to be close to 100 per cent by year end.

Alcoa's operating level is now at 91 per cent and last week announced plans to go to 97 per cent in the next couple of months. But both companies are having to supplement their production with open market purchases to meet customer demand, and both say they have no further manned rolling mill capacity available.

Reynolds Metals, another major U.S. producer, has raised its operating rate from 47 per cent a year ago to 64 per cent and Kaiser Aluminum and Chemical is up from 19 per cent to 30 per cent in the U.S. Kaiser, however, is one of those producers that has a lot of high cost capacity, and although the group is still very confident about the outlook for demand, it is obviously in no hurry to gamble on a further, major production boost.

The companies need no reminding that aluminium usually performs well in the early stages of an economic recovery but then fades as consumer spending slows down. Simultaneously higher prices tend to push major customers towards alternative materials, such as copper in electric cable, and tinplate in packaging.

This time aluminium demand and prices have grown even faster than usual for this phase of a recovery. Producers worry that prices have advanced too fast, causing the metal to lose its competitiveness in some markets unusually early in the cycle.

So far the main factor behind aluminium's recovery has been the exceptionally strong performance of industries that consume a lot of aluminium especially in the U.S. where roughly half the world's aluminium is used. About a quarter of all aluminium produced goes into transportation equipment and consumer durables. And the amount of aluminium being used in car and truck manufacture has been rising because of the industry's attempts to reduce vehicle weight.

Building materials consume another 25 per cent of aluminium production: the outlook for the U.S. construction industry is now uncertain, but it was recovering strongly early this year.

In Europe producers have felt the same surge in demand this year as the Americans in flat products—used notably in packaging and in truck trailer panels. But VAW, the West German market leader, said last month that its capacity for making extrusions—for things like window frames—was operating at only 70 per cent, In France and Italy markets are even weaker.

The Europeans have another reason for not fully trusting current price levels. Much of the rapid recovery in aluminium prices may simply reflect the depth of the fall last year, when prices slid to a low of around 40 cents a pound in the U.S. and £506 a tonne on the LME.

When the turn came, customers rushed to rebuild their stocks in advance of price increases and this is still going on, some producers believe.

Whatever the real state of final demand—or prices—the inescapable fact for the moment is that shortages of metal are developing and aluminium prices are still rising faster than those of some competitive materials, such as copper and steel.

The most serious shortages so far are in Britain which ironically is the only European country to have closed a smelter in the recent recession. (The 100,000 tonne smelter at Invergordon in Scotland was shut at the end of 1981). Mr George Russell, managing director of British Alcan, concedes that the group has been short of metal for several months. But he says that the relatively low product prices prevailing in Britain made it risky for the company to pay dollar high prices to import ingot.

"I don't know where the next increase in world supply is coming from," he says gloomily. "We are having to price to cut off consumption." The effect of this could be to boost demand for competitive materials, such as copper, steel and plastics. Aluminium has only about 60 per cent of the conductivity of copper and so about 40 per cent more of it by volume is needed to transmit the same amount of electricity.

If aluminium continues to be at least as expensive as copper—and many think it will—then makers of electric cable for one can be expected to change their buying patterns.

A possible short-term answer to the supply problem could be recycling. Already, 38 per cent of U.S. aluminium is recycled and 30 per cent in the UK, but few other countries have developed recycling networks to any extent.

In the longer term, however, it is far from clear where new capacity will come from. Producers agree that the trend of 7 per cent growth in annual consumption that prevailed in the 1960s is gone forever. But there will still be some growth and the world is going to want more aluminium.

Which, so far as the industry is concerned brings the question right back to the cost of power supplies.

Canada still has vast untapped hydroelectric power but it has proved difficult to launch new projects even there in the past couple of years. Australia was considered a major new source for the future a few years ago because of its considerable bauxite resources.

But a number of projects have come unstuck because, in Australia, as elsewhere, Governments have been reluctant to offer long term competitively-priced electric power contracts to aluminium producers.

And without attractive long term power contracts, no aluminium producer is going to invest the very large sums now needed to build a major new smelter.

Men & Matters

Nigel and Goliath

It is tempting to see today's seminar on the rights of early leavers in company pension schemes, a meeting which has been set up by the Department of Health and Social Security and will be hosted by social services secretary Norman Fowler, in gladiatorial terms.

One small campaigner is trying to take on the Goliath of the pension funds to alter the present system whereby people usually have to stay with a single company all their working lives in order to qualify for the maximum pension of two-thirds of gross salary on retirement.

The aspiring David in this potentially bruising clash has powerful friends, however. He is Nigel Vinson, self-made businessman, currently part-time chairman of the Development Commission, and along with Margaret Thatcher and Sir Keith Joseph, a founder director of the Conservative-backed Centre for Policy Studies.

Vinson says that the centre passionately believes in the widest democratic ownership of wealth. He adds, "At the moment with £100bn of funds, the pensions groups own half the quoted capital in the country. The way things are going they will own everything.

"The trouble is that the trustees own the capital not the contributors themselves. It is ownership at second-hand."

Does Margaret Thatcher agree with him? He says he does not know, but points out that she believes in the sale of council homes. Money purchase of pensionable units to enable people to own their own pension savings would, he maintains, be a logical follow-on.

What is Vinson recommending to those of us who either want to open the box and get our hands on the savings, before we are too old to enjoy them, or transfer them without loss of final income?

He advocates a portable pension system which would allow transfer of accumulated funds without loss of rights. He admits that a two-thirds final salary type of pension would not be possible. But he claims that is a chimera anyway: ("one-half would be a more realistic figure").

The pension funds will argue today that the cost of keeping up deferred pensions, or making pensions portable, would be too great.

Vinson does not expect great things of today's meeting, but believes it could nudge Norman Fowler into setting up a working group with the possibility of future legislation.

Table talk

The London arts world waits for the great announcement today — not whether the white knight, U.S. businessman Alfred Taubman will be permitted by the Monopolies Commission to buy Sotheby's (that is regarded as a foregone conclusion) but just what is this table that Christie's is going to sell?

Christie's, ever anxious to steal a march on its great rival, is gearing up to announce the sale of a very important table which will not only fetch a very high price but is redolent with historical import.

At Sotheby's they are not ostensibly sharing the mood of anticipation. They are affecting nonchalance at Christie's doings this time and waiting with quiet approval for Taubman's accession.

Sotheby's launched a high level campaign to ward off the first U.S. bid from felt makers Messrs Cogan and Swid. Former trade secretary Lord Cockfield effectively scuppered the approach by referring it to the Monopolies Commission.

"Going — going — going — going — going . . ."

This gave time for Taubman to win at least partial Sotheby's approval and he is expected to walk into his expensive inheritance today.

"We are now ship-shape, back on our feet and raring to go," said a Sotheby's spokesman yesterday. He voiced no fears that the U.S. ownership might mean a switch to New York, where most of the turnover is now generated.

Boiling over

Since the Boilerhouse design gallery (down below in the Victoria and Albert Museum, London) opened its door in 1982 backed by a handsome endowment from Sir Terence Conran, of Habitat-Mothercare, it has repeatedly offended the British art and design establishment. First, it allegedly displayed too much foreign design, later it was accused as acting as an agent with displays for Sony and Ford.

Now Stephen Bayley, aged 31, director, has taken a swipe at the serried ranks of British design with all its insistence upon simplicity, restraint, and general virtuousness as benchmarks.

His new exhibition on Taste which opened yesterday is said by Bayley to have been conceived out of frustration. Exhibits of items considered "bad taste" in their day include coal effect fires, ornaments, and even a model of the TV-am building.

Dawkins' orders

When General Pete Dawkins, aged 45, quit the U.S. Army four months ago his colleagues were *dumbfounded*. He stood a good chance of becoming chief of staff later in his career.

Since then he has kept everyone guessing about his next job — although he has even been sounded out as Commissioner of Baseball.

In New York this week he has broken cover and appeared at a hastily-convened press conference at Lehman Brothers the privately controlled investment bank.

Dawkins is to be the 78th general partner in that august house. While that may seem well down in the pecking order he is being given responsibility for the group's public finance operation.

Lehman has lagged behind its big Wall St rivals in the area of public finance. Dawkins has been ordered to attack their commanding position forthwith.

Eternally yours

Hartley Video of Hartley Wintney, Hampshire, is offering life membership of its cassette lending club for £20 and "£10 on renewal."

Observer

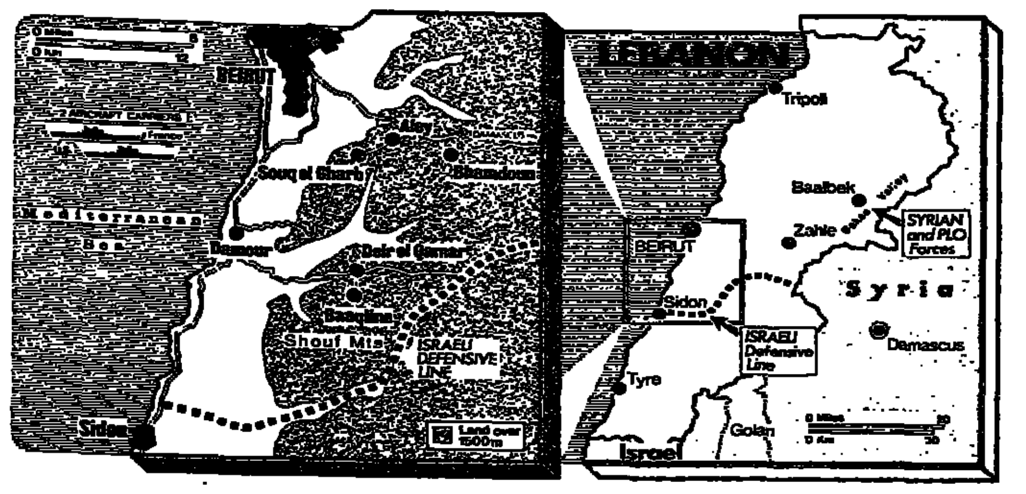
THE WAR IN LEBANON

Syria seizes its chance

By Patrick Cockburn in Beirut

In a week of fighting, Druze militiamen have defeated Christian forces in what has become known as the Mountain War. In doing so, they have changed the political map of Lebanon, depriving the Christians of advantages they thought they had won as a result of the Israeli invasion last year.

The Syrians are rapidly regaining their old positions of primacy in Lebanon, forcing the battered Lebanese government to look with increasing desperation to the multinational force and to Washington to buttress its crumbling position. A naval armada has assembled off the coast, its guns pointing at Druze positions in the mountains, but it is still unclear how far the U.S. is prepared to get sucked into the Lebanese quagmire.



Bob Hutchison

For now there is a mood of victory in the towns and villages of the Moslem Druze which straggle along the sides of the steep mountains rising

Equipment was being doled out to every man of military age

to the southeast of Beirut. In village squares over the weekend, equipment was being doled out to every man of military age. Most shops were closed and where they were open the owner was often wearing khaki uniform and carrying a submachine gun.

In the streets of Baaqline, *key to the blockade of Deir el Qamar* where 25,000 Christian refugees are cut off, portly Druze dignitaries in traditional baggy black pants and white topees could be seen clutching their Kalashnikov rifles. All civilian trucks have been pressed into service to bring these levies to the front, and my car had to back up a narrow village street to let pass a yellow truck towing an anti-tank gun.

"Where we asked for 30 men from a village," said a Druze political leader, "they sent us 60." The number of militiamen milling around the small town seemed to bear him out. The Druze clearly have more than the 2,000 militiamen which was their estimated military strength at the start of these battles. There were no signs of Palestinians, Syrians or other foreign troops in the Shouf mountains themselves, though they are evidently present further north around Bhamdoun.

The Druze themselves may be surprised by the extent and speed of their own victories in this latest episode of Lebanon's simmering civil war. Now the Druze and their Syrian allies have to make a critical choice which will determine the future political shape of Lebanon. Will they be content with defeating the Christian militia, who only entered the Druze mountain strongholds on the heels of the Israeli army last year? Or will they try to crush militarily the government of *Lebanon's Christian President* Amin Gemayel?

The answer to this question will have repercussions far beyond the mountain villages of Lebanon. Already the *actions of the Druze have* brought American and French aircraft carriers to the Lebanese coast in a bid to protect the 5,000 strong multinational force and prop up President Gemayel's beleaguered regime. He needs all the support he can get.

An all-out Druze assault on Souq al Gharb, a key position held by a Lebanese army mechanised brigade, might lead to the U.S. sanctioning air support for President Gemayel's men. Souq al Gharb is the army's only position of strength in the mountains to the south. A defeat here might lead to the Lebanese Government forces, already stretched very thin, beginning to unravel.

The great change in the situation since last year is that Israel is largely silent. Jerusalem has all but abandoned its *old alliance* with the Christians of Lebanon which was a centrepiece of the foreign policy devised by Mr Menahem Begin as Prime Minister after 1977. With its withdrawal to the Awali River north of Sidon 10 days ago, Israel ceased to be the predominant power in Lebanon. Its allies are now paying the price for this.

The balance of power is changing back nearer to what *it was before Israel's General* Ariel Sharon besieged Beirut last year. Syria is moving to fill the political vacuum left by the Israeli withdrawal, and the Druze—their allies—are taking over the 600 sq kms of broken and mountainous terrain Israel vacated.

The fierceness of the Druze onslaught seems to have caught the Christian militiamen by surprise. Their leaders were *forced out of the crucial town* of Bhamdoun, a mountain resort high above Beirut in the first days of the fighting, allowing the Druze to link up with the Syrians on the Beirut-Damascus highway. At least 39 Christian villages have fallen and the few scattered redoubts still held by the Christians south of Beirut cannot hold out for long.

Many Christians now blame their own militia, a well-trained private army, for what has happened. The Druze did not fight the Israeli army last year. It was only when 2,000 Christian militiamen moved in the Druze strongholds under the *initial* protection of Israeli tanks that the 250,000 Druze community really began to feel threatened and to fight back.

The Christian move into Druze territory doomed the chances of a new political consensus emerging in Lebanon. It alienated the powerful and united Druze community which felt its very existence under threat. Syrian President Assad saw an immediate opportunity *to exploit these fears as he* sought to regain his old position as the predominant foreign power in Lebanon.

Over the last year Assad has given the Druze as much arms and as much equipment as they want. The Druze have thus been able to keep up sustained artillery fire. Trucks with supplies pour through Bhamdoun on their way to the mountain town of Aley overlooking Beirut.

The real winners in the last week's fighting, therefore, apart from the Druze themselves, are the Syrians. Any ceasefire and peace agreement arranged by Saudi mediators will inevitably lead to a government heavily weighted towards Syria. The most important sticking point between the two sides at the moment is the Syrian demand that the Lebanese army pulls out of its positions in the Shouf and around Aley.

In practice the regular Lebanese army has few enough units in the mountains but a total pull-out would mean the Government giving up Souq al Gharb and some other heights around Beirut. Having fought hard here the governmnet does not want to do this. For in contrast to the Christian militia, the army has so far performed better than expected.

The draft peace plan now being discussed seems to meet most of the Druze and Syrian demands. But this may not be enough. "Nobody, not even the Americans, knows how far the Syrians want to go," said a diplomat in Beirut yesterday. "Damascus may want the Druze to win a complete military victory or at the very least to sweep down on the coast road

Critical choices which will determine the future of Lebanon

linking Beirut to the new Israeli positions and the city of Sidon."

The Druze leaders, such as Mr Walid Jumblatt, seem conscious that they have to keep some sort of government in being in Beirut at least for now. It is, for example, significant that they have not *called on Druze troops in the* army to desert. Mr Jumblatt vetoed an attack on Deir el Qamar where 25,000 Christian refugees are surrounded by the Druze.

In any other country than Lebanon the basis for a ceasefire and a new *modus vivendi* would now seem to exist. The problem in Lebanon is that there are so many parties to the civil war that not everybody can be satisfied at once. And without such an agreement the mountain war may soon spill into the rest of Lebanon, igniting a wider civil war which will almost inevitably suck in the multinational force.

Britain's Economy

Time to bring back exchange controls

By Jack Straw, MP

IDEOLOGY apart, there was a practical justification for the 1979 decision to abolish exchange controls. This was that restrictions on the flows of capital abroad had to be lifted if the then prospective oil-based structural surplus of the current account of the balance of payments was not to send sterling through the roof.

But has the lifting of controls worked out as intended? The flow of UK capital overseas certainly turned into a flood in a remarkably short time, but sterling still went through the roof. Today, despite the fall last winter, the pound remains at uncompetitive levels, with the Confederation of British Industry pointing to a 35 per cent deterioration in competitiveness since 1975 against our non-U.S. competitors.

Domestic interest rates are more exposed than ever to international pressures, and show little sign of any fall despite their usurious real levels. The confident predictions made when the controls were lifted that the startling jump in overseas—and especially portfolio—investment represented a simple once-for-all adjustment by the institutions which would not be sustained for more than a couple of years has plainly been confounded by events.

Total UK private overseas investment for the first half of 1983, at £5.8bn, was the highest yet—£2bn more than total UK manufacturing investment over the same period. Above all, the oil-based structural surplus is *now disappearing as fast as* snow in summer. The £313m current account deficit for the second quarter was the largest since 1979; the Government's March forecasts of a £1.5bn surplus for the whole of 1983 *will plainly not be met.*

So, it is time to examine whether exchange controls should not now be reimposed. Paradoxically, one of the principal arguments for the reintroduction of controls derives directly from the analysis which lay behind the decision to abolish them.

The assertion made frequently by Ministers since 1979, that if counter-balancing capital flows had not been facilitated by the abolition of controls, sterling would have been even higher, may well be true; but only as far as it goes. It rests on the pivotal assumption of other things being equal, that no compensating adjustments in the other factors which influence the exchange rate would have been desirable or possible.

But a moment's thought ought to show that this is simply not the case. The relative level of interest rates and the overall level of economic activity are two other obvious influences upon the exchange rate. For a given level of sterling (and the Government's case for abolishing controls presupposed an exchange rate target range, whatever denials of this they

The UK apart, only Hong Kong, Kuwait and the UAE have no restrictions whatever

may make) with controls in place the Government could *either have run the economy at* a higher level of activity or have been able to maintain interest rates at a lower level than they otherwise were.

Although fund managers and bankers with whom I have discussed this point remain almost unanimous in their continuing support for freedom for capital flows, they have been equally and perhaps surprisingly unanimous in their judgment of the domestic interest rate "premium" which has been one price for that freedom.

In addition, the Bank of England Quarterly Bulletin (September 1981) suggested in an analysis of overseas capital investment by pension funds that this had largely been "at the expense of investment in British Government securities."

The clear implication was that the author acknowledged *that had exchange controls* then been in place, the Government—other things being equal—could have sold its debt at lower rates. It seems to me to be incontrovertible, given this Government's use of interest rates as an instrument of policy, that they could have used them—and exchange controls—in the way I suggest.

I am under no illusions that the effect of the reintroduction of exchange controls could be anything but marginal. They could not insulate UK markets from the effect of much stronger forces in the exchanges. As we are so often reminded by Treasury Ministers, controls did not prevent sterling's fall in 1976. But controls could help. They could help keep the pound more stable (and its instability has almost been as much of a problem as its misalignment). They could assist in the management of domestic interest rates, especially if monetary targets were given the subordinate role they deserve in economic management. And the original justification for the controls, that is that they help protect the reserves, remains valid.

Exchange controls are a tool and a safeguard which no government running an economy like ours should be without. Countries with economies of a similar size, for example, France and Italy, as well as some which are conspicuously larger and more successful, such as Japan, have all found it necessary to maintain controls.

Indeed, the IMF 1982 survey of exchange restrictions showed that, the UK apart, only Hong Kong, Kuwait and the UAE have no restrictions whatever, and only the U.S., West Germany and the Netherlands had virtually none. The U.S. and West Germany are plainly in a quite different economic league from us.

Those who still support the continued abolition of controls must answer this simple question. What good has their *abolition done the real British* economy? Of course, exchange controls are in no sense a magic wand, but their reintroduction would be beneficial to the real economy; and a beneficial effect, however marginal, is not to be ignored given the fragile state of the UK economy and the mirage of its current recovery.

Jack Straw, MP for Blackburn, is a Labour Treasury spokesman.

Letters to the Editor

Great expectations of early pension leavers

From Mr H. Wynne-Griffith

Sir,—The problem of early pension leavers is that they expect more than that to which they are entitled. Mr Plender's first sentence (September 10) refers to "halving the pension rights" of an early leaver. It is this careless phraseology that has contributed much to the exacerbation of the problem. No one's rights are diminished—it is the expectations of the early leaver that are diminished.

The erroneous impression is given that it is the "pensions industry" that has caused the problem. Not so, it is simply that the former employer of an early leaver cannot or will not spend the money necessary to provide greater benefits.

The Centre for Policy Studies has contributed in a particularly negative manner to the "debate" with its slim, ill-conceived and technically lacking report on "portable pensions." Everyone (virtually) has a portable pension at present. The argument revolves about how much that pension is, not about its portability. By some illogicality the Centre implies that a money-purchase pension will solve all problems (including ideological ones about making us all mini-capitalists). This is simply not so (although these columns are not the correct place to explain why).

Mr Plender is wrong in stating that the present structure has to alter for a man to receive a 70 per cent pension when he retires. After allowing for the basic state pension and for the incidence of income tax a man on £12,000 will receive 67 per cent of his net income if he retires from a conventional pension scheme on a pension amounting to 40 per cent of his final pay. One can argue that there is scope for some loss due to transferring employments—even under the present system.

Many critics forget (if they knew in the first place) that the guaranteed minimum pensions *of pension scheme* members are inflation-proofed already. The excess may well be increased in future if investment performance permits this to be done at acceptable cost to the former employer.

The pattern of pension scheme design in future may well take the form of lower pensions but with inflationary increases. Not much of a redistribution is necessary to achieve this. We cannot, however, expect this to happen overnight. It will take time—not everyone will favour such a change.

I would ask the critics of the present system to apply their energies to *persuading government* to save up to meet its promises in the way that hard-pressed employers are required to do. Let's see the government do something about state pensions—especially the absurd earnings-related *element before* it's too late. These benefits represent something like half the salaries of employees not in good company schemes. A good company pension—or, for that matter, an indifferent one—is no more than the icing on top of the state cake. Unfortunately, the cake looks to be a sponge, and a somewhat unattractive one at that.

H. R. Wynne-Griffith.
3, Dulwich Wood Avenue, SE19.

From Mr M. Sturt

Sir,—Barry Riley (Lombard, September 8) ingeniously suggested a means of protecting the pension rights of the "early leaver." Unfortunately there is another hurdle for these unfortunates to jump if, whether *willingly or otherwise, they* leave their final employment early.

This is an Inland Revenue restriction that deprives those leaving before "normal retirement age" of the ability to build up pension to a two-thirds maximum proportion of final salary, even by putting their own money into their pension.

The two-thirds is factored by the proportion actual service with the last employer bears to potential service to normal retiring age. Thus service of five years out of a potential 15 will reduce the two-thirds limit to two-ninths (5/15 x 2/3).

If Mr Fowler is serious about helping the increasingly numerous early leavers who are also early retirees, he could remove this restriction by a stroke of the pen without any cost to the taxpayer or employer. Then those who *wished to make provision for* early retirement could do so by making voluntary contributions out of their own pockets.

M. H. Sturt.
*Bent Mead,
Waltham St Lawrence,
Berks.*

Carrots instead of sticks

From Mr J. Bourlet

Sir, — Talbot/Chrysler's recovery following government aid should indeed, as Richard Lambert suggests (September 9), give pause for thought to ardent freemarketeers.

When recently in Japan I was impressed by that country's concept of "competition"—that it is an ongoing, endlessly played game of wooing the consumer by contestants who, if dealt a mortal blow by fate or understandable error, should be resuscitated, and, brought forward to fight on again. By contrast, they reject the "Wimbledon *model*" *where players* knock out opponents progressively until there is just one supreme monopolist victor.

Of course the problem is to distinguish between such valuable intervention and aid for firms in hopelessly declining sectors (who refuse to diversify), aid to nationalised monopolies, or aid to firms whose management team no longer possess the ability to compete.

But it does seem that freemarketeers should think more about the "carrot" of success than about the "stick" of bankruptcy in valuing competition, should consider more *seriously Hayek's notion* that "competition is a discovery process" and use their strength for attacking, not the occasional intervention in manufacturing, but the outrageous wholesale subsidy of agriculture and protective measures for all textiles and quota restrictions on car imports, etc.

James Y. Bourlet.
Business Studies Unit,
School of Business, Economics and Social Studies,
84 Moorgate, EC2

Interpreting the EEC budget

From Mr R Kitzinger

Sir,—Once again your Common Market experts (The EEC Budget, August 30) have minimised the gravity of the financial burden imposed on us by the EEC. *They* introduce the budget problem by stating that the EEC receives its revenue from charges on member states' imports, "and a share equivalent to up to 1 per cent of their VAT revenues."

Ordinary mortals will infer from this that Brussels gets 0.15 per cent out of our 15 per cent VAT, leaving 14.85 per cent for Mr Lawson. The truth is that the EEC receives a VAT of (up to) 1 per cent on an *assessment* basis which is determined according to EEC rules. In effect it is a tax of 1 per cent on the gross national product, and is equivalent to something like a 2 per cent VAT of the British type, leaving only 13 per cent for the British exchequer.

Later in the article there is a technically correct reference to the same matter: "In 1978, for instance, states paid in only 0.64 per cent of the VAT-assessed revenues." This implies that the authors are aware of the *true position*, but *it* is not clear enough to erase the erroneous impression created by the first reference.

The only genuinely enlightening part of the article was the cartoon by Daley.

R. Kitzinger.
31 Oakwood Court, W14.

Meter readers miss the porch

From J. and J. Nicholls

Sir,—Our hearts were wrung by the tribulations of Dr Scotney (September 6). When we bought our present house, we were determined to avoid similar harassment by the electric meter readers militia. Our solution was to ask the Board to please move the meter to an outside porch where it could be read without having to enter the premises. This it kindly did, for a small fee.

Before Dr Scotney rushes to *do the same, we should point* out that it has made not a scrap of difference! The meter readers still leave rude notes (without asking the neighbours—who have a key anyway) and we get hysterical letters about "estimated" bills and possible dire consequences. We are hoping that, after a year of patient phone calls to the local office, the news of our outside meter will finally have trickled down to those assigned to read it! Slender hope!

John and Jane Nicholls
*The Old Rectory,
School Lane,
Islip, Northants.*

County court staff cuts

From Mr N. Cawood

Sir,—I refer to various reports regarding county court staff cuts.

I understand the cost of the administration of the county courts does not ultimately fall on the taxpayer as the fees expected to be received by the courts this year will exceed the cost of running them by about £11m.

Why then is the Government making these cuts?

Norman Cawood,
Fintex and Co.
*38 Queen Street,
Scarborough, Yorks.*

FINANCIAL TIMES
Wednesday September 14 1983

CALL FOR STRONGER LEADERSHIP OF SWEDISH STEELS GROUP

Bid to replace Sandvik board

BY KEVIN DONE AND DAVID BROWN IN STOCKHOLM

IN AN unprecedented corporate battle, the Swedish industrial and financial establishment is seeking an extraordinary meeting of shareholders in Sandvik – the leading Swedish special steels group and one of the country's top 15 companies – with the aim of removing the entire board.

In the first half of this year Sandvik, which had sales in 1982 of SKr 9.3bn ($1.18bn) has slumped sharply into loss under the burden of heavy restructuring costs and recently discovered unauthorised currency speculation by a top executive who had covered up extraordinary losses totalling SKr 218m.

The call for a special meeting of Sandvik shareholders is seen as a move to curb the influence in the company's affairs of Mr Jan Stenbeck, the controversial Swedish businessman and financier and Sandvik's vice-chairman. He is already involved in another boardroom controversy at the Fagersta steel group and the Kinnevik investment company, whose shares were suspended on the Stockholm Stock Exchange nearly two weeks ago.

The move to replace the Sandvik board is being led by Skanska Cementgjuteriet, one of the Nordic region's biggest construction and investment groups, which has emerged in recent weeks as the largest single shareholder in Sandvik with a stake of around 20 per cent worth some SKr 807m.

Skanska said in a statement that it had written to Sandvik requesting a special shareholders' meeting to elect a new board.

"The reasons given were disquiet over the development of the company and the need for a stronger industrial leadership," it said. Skanska said the new board members should be unconnected with other interest groups that are also involved in discussions on the restructuring of the Swedish steel industry.

The board membership of both Sandvik and Fagersta, which had sales last year of SKr 2.1bn and losses of SKr 20m, is almost identical. Both companies, which would strengthen their links under the steel industry restructuring plans, have been seen hitherto as part of the sphere of influence of Mr Stenbeck. With associates, Mr Stenbeck owns substantial holdings in both Fagersta and Sandvik through the investment company Kinnevik.

Mr Stenbeck is engaged in a fierce family struggle for control of Fagersta and Kinnevik, at an embarrassing time for Swedish industry.

"Leading Swedish industrialists are trying hard to present an acceptable face to the Swedish public in a last-ditch effort to halt the Social Democratic Government's plans for the introduction of wage-earner funds, which would substantially extend the influence of the trade unions in corporate decision-making.

Some of Sweden's most respected executives are expected to be brought in as potential members of a new Sandvik board, they include Mr Percy Barnevik, chief executive of Asea and a former executive vice-president of Sandvik. Mr Hans-Eric Ovin, chief executive of Sonessons, a Volvo subsidiary, and Mr Sven Aagrup chairman of Aga and a leading member of the board of Svenska Handelsbanken.

Sweden's two leading private commercial banks, Skandinaviska Enskilda Banken and Handelsbanken, have been instrumental in helping Skanska Cementgjuteriet in recent weeks to purchase shares to build up its new position of dominance in Sandvik.

It is thought that Skanska will be backed by a number of Sweden's leading institutional investors who are also shareholders in Sandvik in an attempt to oust the current Sandvik board.

Mr Ulf Lundman, a top executive with Skanska, cited Sandvik's foreign acquisitions programme as a major cause of the heavy losses. "We're not prepared to sell out because of this management," he said. "we want Sandvik to live up to its possibilities."

Skanska Cement doubled its profits before tax and allocations last year to SKr 1.5bn on consolidated sales of SKr 11.7bn. A large portion of company earnings come from investment activities, and Mr Lundman estimated the company's liquid assets at about Skr 6bn.

U.S. retail sales fall by 1.4% in August

By Anatole Kaletsky in Washington

U.S. retail sales declined by 1.4 per cent in August, the Commerce Department reported yesterday, adding to the evidence that the pace of the U.S. economic recovery is beginning to moderate.

However, the decline, which was the largest since a 2.4 per cent fall in June 1982, was due entirely to a sharp drop in car purchases and does not suggest a general weakening of the U.S. economy or a return to recession. Many car dealers have reported in recent weeks that the market is deteriorating as a result of long waiting lists and shortages of cars in showrooms, rather than because of weakening consumer demand.

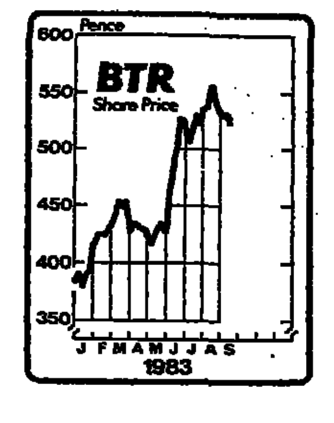
The Breakdown of yesterday's retail sales figures appears to confirm these stories. While car sales fell by 9.2 per cent in August, sales of all other retail items rose by 0.5 per cent, suggesting that underlying consumer demand remains reasonably robust.

Revised figures for July showed a decline in overall retail sales of 0.2 per cent, rather than the figure of less than 0.1 per cent originally reported. This decline was also concentrated in the car market, which showed a fall of 0.8 per cent.

However, in a separate report issued yesterday the Federal Reserve Board said that consumer credit jumped in July by a record $4.84bn, with most categories of loans, including car loans, increasing considerably faster than in the previous month.

THE LEX COLUMN

Tilling returns direct to Go



BTR has had no difficulty in laying to rest the £95m profit forecast made by Thomas Tilling at the height of the bid battle. A run through the books of the Tilling energy equipment business in the U.S. has resulted in a stock write-down of no less than £30m, leaving Tilling with a pre-tax loss of £1.4m for the six months to June.

This at least provides BTR with a satisfactory low base from which to build a fresh earnings record for Tilling. Even leaving aside energy equipment, Tilling's operating profits represented only 4.6 per cent of sales in the six months. To drag that figure anywhere close to the BTR norm will take years but, with almost all the divisions now pointing in the right direction, BTR should bring Tilling's return on sales to around 10 per cent in the first full year of consolidation.

BTR itself has provided an interim statement which, while characteristically short of detail, underlines the group's ability to earn high returns in dull markets. Volume fell across the board during the six months to June. Yet operating profits totalled 17.8 per cent of sales and, after lower financing costs, profits before tax were a fifth higher at £58.3m.

BTR's first priority, however, must be to extract cash from its sprawling acquisition. The year-end balance sheet of the combined group will show net debt equivalent to at least 85 per cent of shareholders' funds. And even that ratio assumes that BTR can extract close to £100m of book revaluations from Crewe House and other Tilling assets.

The easy option would be to sell Tilling assets, but BTR seems determined to retain the existing stable of companies.

A debt/equity ratio of 40 per cent at the end of 1985 appears to be the BTR target. To secure a gearing reduction of that magnitude through trading alone will put even the management skills of BTR sorely to the test. The stock market, however, is all confidence. Even after a 12p fall to 520p yesterday, the share price stands 25 per cent above the level reached on the day of the first full offer for Tilling.

Bowater

Awareness of the cyclical upturn in the U.S. newsprint market since February enabled Bowater to emerge unscathed from yesterday's market, despite announcing a cut in the interim dividend – which the company fully expects to counteract with an equivalent rise in the final – as well as a fall in interim profits from £42.3m to £34.6m.

A 3.4 per cent year-on-year rise in U.S. newsprint consumption over the first seven months has already led to a doubling of North American profits between the first and second quarters and a restoration of the $500 per ton listed price abandoned last November. With higher shipments now turning its huge North American timberlands into cash generating assets a year ahead of schedule, Bowater is looking forward to a few years of substantial profits as the lowest cost newsprint producer in a revived U.S. economy.

Bowater, however, has been looking forward for rather a long time. In the meantime it has borrowed heavily and spent about $200m in North America since 1980 to stay just ahead in cost terms of an industry which could be threatened next year by worldwide excess capacity of about 20 per cent. Increased competition in export markets is still reflected in heavy price discounting on both sides of the U.S.

Bowater is clearly flagging its intention to use the next stage of the cycle to accelerate its diversification away from newsprint into less capital intensive businesses. But this will carry its own risks and, even against the U.S. uncertainties alone, a yield of about 5.4 per cent on the shares at 210p does not look generous.

Consgold

Gold mining may be cyclical but when it is good, it can be very, very good. In the year to June, Consolidated Gold Fields earned a current cost return of 20 per cent on the funds employed in its gold operations, turning what might have been an awful year into something wholly respectable.

Net profits fell 22 per cent to £57.2m but the whole of this drop is attributable to the absence of non-recurring tax and interest items which flattered the previous year's figure. This time, the non-recurring items are mostly in the other direction. Consgold's hasty exit from drilling rigs and steel distribution in the U.S., still not complete, has produced a loss of £13.5m in the manufacturing and commercial division, rescued by the strong performance in gold mining and aggregates.

The mining cycle is moving decisively in Consgold's favour but, with the group's dividend cover wafer-thin and the overall cash outflow continuing, shareholders may be kept waiting for a dividend increase. At last night's price of 619p, the yield is 5.8 per cent.

British Aerospace

The British Aerospace share price has been hedge-hopping for some time now, on the back of pessimism from aerospace component manufacturers, lack of any substantial ordering from major airlines, and the expectation that the loss of closing the Hurn factory would bear heavily on this year's profits.

Yesterday's interim announcement did a good deal to dispel this gloom, lifting the shares 15p to 190p against a stiff market headwind.

Reorganisation costs of £19m, taken above the line, still left room for a 10 per cent gain at the trading level, and while net interest continued to dwindle, the pre-tax figure was barely lower at £36.5m.

The basis for this unexpectedly steady performance was the military side, where there is a stable workload from Tornado and a good flow of orders for missiles. There have also been signs of a pick-up in demand for the smaller civil aircraft, although a solid order for the BAe 146 has still to appear, and there is no question yet of BAe deciding to write back its £100m provision against losses on civil aircraft.

Nevertheless, with more sales accruing in the second half and a thinner tranche of closure costs, BAe could see a pre-(and post) tax profit of £80m this year.

Argentina asks for extension on loan

By Jimmy Burns in Buenos Aires

ARGENTINA has asked its foreign bank creditors for a 30-day extension of a waiver on $300m that was due to be repaid this Thursday, amid a continuing hold-up in the rescheduling of its $39bn debt.

The sum is the first tranche of a $1.1bn short-term bridging loan agreed last December to help Argentina bring interest payments up to date. Repayment of the first tranche has been held up because of delays in the disbursement of the $1.5bn medium-term loan and the refinancing of $6bn of state and state-guaranteed debt intended to complete the package.

Reserves have dropped in recent weeks because of the under-invoicing of exports – a speculative reaction to the widening gap between the official and the "black" rate of the dollar on the local foreign exchange market. An estimated $800m in trade flows has been either lost or delayed.

Citibank, which is head of the committee of banks renegotiating Argentina's debt, said in Buenos Aires yesterday that it had passed on the central bank's request for an extension in a telex to foreign creditors last week. The general response so far was described as positive, but there are still some unnamed banks that are linking the extension to an acceptable solution to the current problems of Celulosa Argentina, the ailing paper manufacturer.

A local court decision has excluded foreign creditors from a refinancing plan expected to be put to a creditors' meeting this Friday. Celulosa has total debts of about $300m, of which $100m is owed abroad.

Foreign bank creditors have been looking for ways to put pressure on the Argentine Government to ensure they are fairly treated in any solution to Celulosa's problems.

In a related development yesterday, central bank governor Sr Julio Gonzalez de Solar urged the country's politicians to participate in preliminary talks on the rescheduling of some $10bn in debt failling due next year.

The central bank is worried by the opposition's continuing refusal to address themselves to the debt problem as long as the current military Government remains in power. Argentina will have elections on October 30, although the armed forces are not due to hand over government until January 30 next year. Some payments will be maturing from January 1.

Outgoing Lloyds chief in move on insurance loss provisions

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

SIR PETER GREEN, the leading Lloyd's insurance underwriter and outgoing chairman of the market, has told his underwriting members that millions of pounds of their funds lodged offshore will be used to meet future trading losses in their insurance affairs.

Most of a £34m ($50.8m) increase in the provisions for future losses of Lloyd's of London insurance underwriting interests managed by Sir Peter will be met by funds lodged with two insurance groups, including an offshore company in which Sir Peter has an interest.

Sir Peter has disclosed the reinsurance arrangements made for his Lloyd's interests with the Cayman Islands company, the Imperial Insurance Company (Grand Cayman) as part of a commitment he gave earlier this year, along with other members of the Lloyd's ruling council, that their insurance business interests would be disclosed to members whose affairs they handled.

Sir Peter is chairman of the Janson Green underwriting agency, part of the Hogg Robinson Group, in which he is also the largest private shareholder and which holds a 20 per cent stake in Imperial.

Through Lloyd's press office Sir Peter said yesterday that he could not discuss private correspondence between himself and the affairs of the members of Lloyd's he handled "with the outside world."

In his letter Sir Peter outlines what he describes as a "special reinsurance" arranged in the form of "somewhat esoteric policies" with the two companies, Montagu Insurance and Reinsurance Company, unrelated to his interests, and Imperial Insurance Company.

He says: "The problem from the underwriting agents' point of view has been to justify to the (Inland) Revenue, if challenged, that reserves for unreported losses are proper reserves and not tax avoidance. Thus schemes to overcome this problem had great attractions."

He explained that his insurance syndicate had enormous concentration of insurance risks, particularly arising from windstorm damage in the Gulf of Mexico and liability business.

Sir Peter says the contracts were arranged using syndicate funds as a "funding type reinsurance."

The scheme, which was started in 1970 when Sir Peter was a director and small shareholder of Imperial, then based in the Bahamas, allowed insurance premiums to be paid out of the syndicate and not used meet insurance claims made by the syndicate under the policy "to be carried forward and added to the value of the policy for subsequent years."

Sir Peter says that if the Inland Revenue had recognised that the usual reserves for unreported losses which were created were proper reserves there would have been no further need for this special type of reinsurance after 1972.

He has said the policies have now been exhausted, having been used to meet claims on liability insurance business, computer leasing and asbestosis claims.

Howden inquiry, page 7

French proposals for EEC tariff wall

Continued from Page 1

munication or television satellites, the new energies and the exploitation of the oceans;

● The adoption of common norms in Europe for new products and the opening up of public purchasing within individual countries to all European manufacturers;

● A "significant, but temporary increase" in EEC external tariffs to help the development of infant high-technology industries of the future. But in reference to France's quarrel with Britain over what the French consider the unduly high Japanese content of several products manufactured in Britain, the paper says that a firm distinction must be drawn between genuine European products and those assembled in Europe from imported components;

● A revision of competition laws in Europe to enable European companies to attain the size of their international rivals. The paper notes critically that European companies are favouring link-ups with non-European counterparts and proposes legal changes to make it easier to establish pan-European companies;

● New European-wide infrastructure projects including the Channel tunnel, an extension of the European high-speed train network, European data banks and intra-European energy networks.

The French are liable to be accused of hypocrisy by their partners in many of their proposals. France, for instance, practises a *more nationalistic public purchasing* policy than most of its partners.

The document leaves little doubt that France is prepared for a heavy clash with Britain over their differing concepts of the future of Europe. It ends by asking what future European generations would say if at such a critical moment in Europe's history, the EEC let itself be dragged down by squabbles over the EEC budget or over "a fair return" – a direct reference to Britain's demands for compensation

Zimbabwe to probe army brutality

BY MICHAEL HOLMAN IN HARARE

THE ZIMBABWE Government announced yesterday that a committee of inquiry is investigating allegations of army brutality against civilians in Matabeleland province earlier this year.

The Minister of State for Defence, Mr Sydney Sekeremayi, told journalists that the four-man committee, chaired by a former white army officer, Brigadier Mike Shute, and including three black Zimbabwean lawyers, had begun work in July.

Yesterday's press conference provided the first public disclosure of the inquiry and comes as Zimbabwe's human rights record is under heavy criticism.

Last month six white air force officers, tortured while in custody, were cleared of sabotage charges by the High Court, but immediately redetained. Two of them were subsequently released last Friday.

The issue is thought to have been raised in yesterday's talks in Washington between Mr Robert Mugabe, Zimbabwe's Prime Minister, and President Ronald Reagan.

The allegations of brutality stem from the operations of the North Korean-trained Fifth Brigade in January and February this year. The Zapu leader, Mr Joshua Nkomo, backed by church and diplomatic sources, alleged that more than 1,000 civilians had been killed or injured in the Fifth Brigade's campaign against anti-government dissidents in Matabeleland.

Yesterday's announcement may do little to repair the damage to Zimbabwe's reputation.

UK plugs oil tax loophole

Continued from Page 1

coming as it did so close to the proposed £500m fund-raising operation involving a further sale of state-held shares.

A senior official of the Energy Department said last night that the *change in PRT conditions would be* "fair to the companies and the taxpayer. It should encourage new exploration at a price that the companies and the taxpayer can afford."

But Mr Martin Lovegrove, an oil analyst with stockbrokers James Capel, described the Chancellor's statement as a "surprising move."

"Given its suddenness, it has an inkling of vindictiveness. This is going to knock a number of companies out of the action unless BP's price is revised downward," he said.

One leader for SDP

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE "Gang of Four" collective leadership of Britain's Social Democratic Party has been abandoned after the election of Dr David Owen as leader. A new balance of power is emerging with Dr Owen as clearly the dominant figure, while Mrs *Shirley Williams, Mr Roy Jenkins* and Mr Bill Rodgers, the other members of the gang, have less influence than before.

It also became apparent at the meeting of the Council for Social Democracy, the party's ruling body, that there was some confusion over the leadership's attitude to incomes policy, with differences of emphasis between Mrs Williams and Dr Owen.

In the first two years of the SDP's life, the collective aspects of the leadership had been stressed. The "Gang of Four" had held discussions together before meetings of the national committee and before important decisions.

That approach has now been dropped. The four did not all meet *together before the last national* committee meeting and Dr Owen's leadership has already become more personal and less collective. That is partly because he tends to work alone with a small staff.

A distinct coolness has developed in the relationship between Dr Owen and Mr Jenkins, his predecessor, partly because of temperamental differences and partly because Mr Jenkins feels he was pushed out of the leadership in June.

Conference, Page 7

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	23	73	Dubrovnik	S	23	73	Malaga	S	26	79	Salzburg	F	17	63
Akrotiri	S	28	82	Faro	S	24	75	Malta	S	28	82	Seoul	F	27	81
Algiers	S	28	82	Florence	F	24	75	Manila	S	34	93	Singapore	C	28	82
Amsterdam	C	14	57	Frankfurt	R	15	59	Miami	F	26	79	Stockholm	C	14	57
Athens	S	29	82	Funchal	C	23	73	Milan	S	21	70	Strasbourg	C	15	59
Bahrain	S	35	95	Geneva	S	17	63	Moscow	C	14	57	Sydney	S	18	66
Bangkok	S	33	91	Gibraltar	S	24	75	Munich	F	16	61	Taipei	S	33	91
Barcelona	-	—	—	Guernsey	C	14	57	Nairobi	F	27	81	Tangier	S	26	79
Beirut	S	28	82	Helsinki	F	16	61	Naples	S	25	77	Tehran	-	—	—
Belgrade	C	20	68	H. Kong	S	31	88	New Delhi	S	34	93	Tel Aviv	S	29	84
Berlin	R	15	59	Innsbruck	S	16	61	New York	S	19	66	Tenerife	F	25	77
Biarritz	S	21	70	Inverness	C	12	54	Nice	S	23	73	Tokyo	S	32	90
Blackpool	C	12	54	Istanbul	S	27	81	Oporto	S	17	63	Toronto	C	12	54
Bordeaux	F	20	68	Jersey	R	13	55	Oslo	R	13	55	Tunis	S	27	81
Brussels	C	14	57	Jo'burg	S	25	77	Paris	C	16	61	Valencia	F	25	77
Budapest	S	20	68	Las Palmas	F	24	75	Prague	S	14	57	Venice	S	21	70
B. Aires	S	22	72	Lima	S	22	72	Reykjavik	F	10	50	Vienna	S	18	64
Cairo	S	35	95	Lisbon	S	23	73	Rio de J'o	C	24	75	Warsaw	F	18	64
Cape Town	S	15	59	Locarno	S	19	66	Rome	S	24	75	Zurich	F	14	57
Caracas	R	28	82	London	R	13	55								
Casablanca	C	22	72	Los Angeles	S	21	70								
Copenhagen	R	14	57	Luxembourg	C	11	52								
Corfu	S	28	82	Madrid	S	25	77								
Dublin	R	13	55	Majorca	F	27	81								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

U.S. ready to defend Beirut forces

Continued from Page 1

deployment of the British contingent.

Britain, France, Italy and the U.S. have troops in the peacekeeping force. The U.S. has 1,200 marines in Beirut. Another 2,000 are being moved into position offshore on the naval task force led by the aircraft carrier Eisenhower.

Mr Larry Speakes, White House spokesman, said yesterday that marines in Beirut could request airstrikes. If granted, these would be approved by the local commander. Mr Speakes said such support from the U.S. task force could also be sought if other troops of the multinational force were threatened.

The negotiations conducted by Prince Bandar bin Sultan, the Saudi envoy, between all the parties have still not borne fruit, but President Amin Gemayel is clearly hoping that he can internationalise the crisis and thereby get active military support from Washington and other western powers.

The U.S. Marine positions around the international airport have continued to take intermittent fire, but despite the large naval armada off Lebanon's coast, soon to be reinforced by the U.S. battleship New Jersey, politicians in Beirut remain unconvinced that President Reagan is prepared to use the degree of force necessary to tip the balance against the Druze militias and their Syrian allies.

Diplomats warned that Syria might not be adverse to a limited conflict with the U.S., which would enable it to pose as the champion of the Arab cause, while Damascus is confident that any U.S. military action will be restricted.

This view was reinforced in Damascus yesterday when Mr Farouk al-Chareh, the State Minister for Foreign Affairs, laid out details of joint mediation efforts with Saudi Arabia which have been rejected by President Gemayel.

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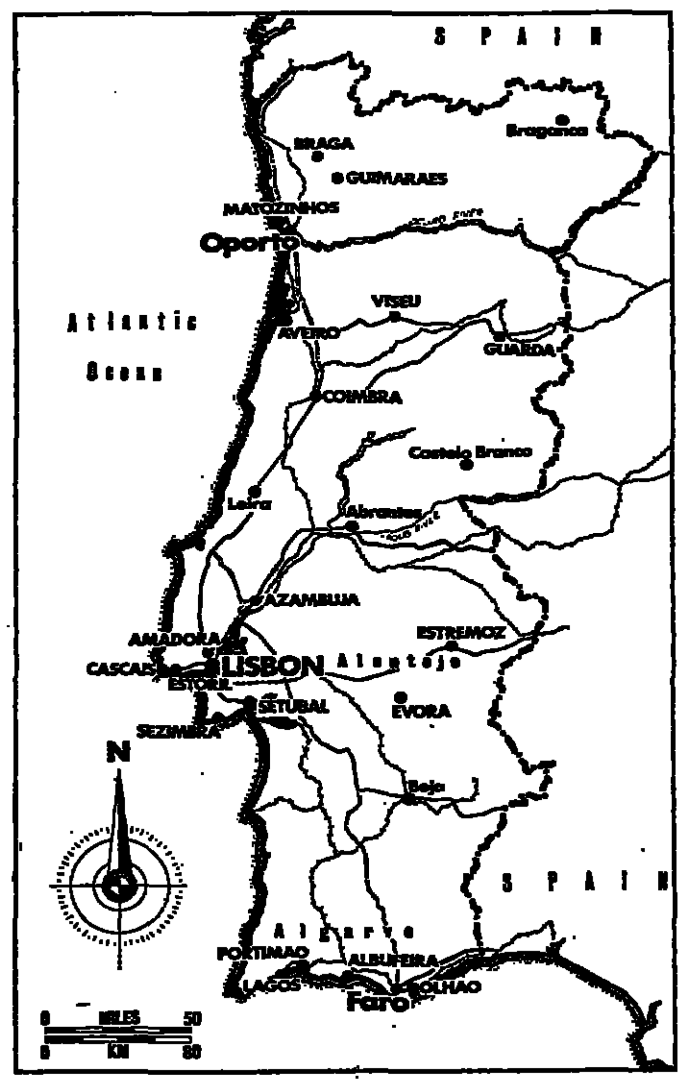
SECTION IV

FINANCIAL TIMES SURVEY

PORTUGAL

Austerity has decended on Portugal's fledgling democracy as a result of the country's severe economic problems. Harsh measures are inescapable if Portugal is to achieve its desired aim of becoming a member of the European Economic Community—its lifeline for sustained growth



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Economic ills override all else

BY DAVID WHITE

THERE ARE periods in the histories of countries, like lives, so dense that they defy the normal sense of time.

Exactly 10 years ago a monocled brigadier, Antonio de Spinola, was still working on a book "Portugal and the future" which was to be the prologue to a revolution the following spring.

The tumultous politics that have followed the overthrow of Europe's oldest dictatorship are recorded on the walls, in layers of posters and graffiti. Names of the past—"Otelo"—still hit the eye, reminders of a time when Portugal veered in the direction of Cuba.

It did not become a Cuba. Instead it has become a rather self-mortifying democracy, without a majority leadership and condemned like Italy to operate with compromises. It is clannish, introverted, still isolated and backward by any European comparison, full of delightful anachronisms, living beyond its means and deep in debt.

Portugal's situation has turned from being a political emergency into an economic one. The country has suffered from early attempts to take short-cuts to economic development, from a failure to adapt to the second oil crisis and from a succession of governments that has looked like the French Fourth Republic.

The Socialist-led Government formed by Sr Mario Soares after this April's elections is the 15th since the 1974 revolution. During that time Portugal has tried out the ministerial calibre of literally hundreds of people who were never Ministers before. Elections of one kind or another have come at an average rate of slightly more than one a year; three of the four main parties—the exception being the unrepentantly pro-Moscow Communists—have had a share of power.

Disillusionment

There is now a detectable sense of disillusionment that the horizons opened up by democracy have not proved more exciting or inspiring.

The last elections were fought with little enthusiasm. The coalition formed by Sr Soares with the Social Democrats, mainstay of the preceding Centre-Right government, has been coolly received both by trade unions and employers, although there is precious little in its programme that could be called Left-wing.

What is being prescribed is the biggest dose of austerity since Salazar: cutbacks in purchasing power, drastic trimming of the public sector, realistic prices, new lay-off laws and the opening up to private competition of sectors that were nationalised as "irreversible conquests of the working classes" (banking, insurance, cement and fertilisers).

Not surprisingly, all this belt-tightening under the once-idealistic Sr Soares has provoked bitter sarcasm from his long-time Communist rivals. "Excuse me," he was depicted as asking in a cartoon, "but *can you tell me, I've forgotten:* how do you spell Socialism?"

The programme is more drastic than the stabilisation measures Sr Soares imposed late in his previous spell as Prime Minister in 1976-78 and takes place in worse circumstances not only economically but politically. Five years ago it was the first taste of austerity for wage-earners after consider*able improvements in living* standards. This is no longer so.

Labour unrest, traditionally concentrated in the Lisbon industrial belt, is certain to come next year with the inevitable rise in unemployment from its present rate (by union calculations) of 11 per cent. The oversized, overmanned and unprofitable companies of the public sector are expected to shed between *50,000 and* 100,000 jobs. Prices — from transport to the Portuguese staple food, cod—have shot up.

But who could make it stick if not Sr Soares? The country's best-known politician abroad, Foreign Minister in the first post-revolutionary government, one of the architects of Portugal's European-style democracy, still popular and still a showman, he has a claim to natural leader that nobody—at least since the tragic death of Sr Francisco sa Carneiro three years ago—can rival.

Sr Soares sees himself as sharing the same plight as the other "Socialists of the South" —who, with the recent addition of Italy, form a string of Socialist-led Governments along southern Europe—coming to power in lean times and unable to pursue the policies they would like. Portugal was doing little more than anticipating the measures it would need to secure its agreement with the International Monetary Fund for a financing package, shortly to be finalised.

Foreign debt

The economic situation Sr Soares' team took over included foreign debt that had doubled in less than four years and was more than half as large as the country's annual Gross Domestic Product, a soaring budget deficit and a gap on the balance of payments current account that was proportionately bigger than anywhere else in the OECD.

The new Government may have gone out of its way to paint the situation as black as possible but the facts help.

The blame placed at the door of the previous government has an ironical edge to it since in this case it is the junior partner in the current coalition that is being pilloried for its improvidence.

Some of the new measures are left-over tasks from the Government of Sr Francisco Balsemao, which tried several times unsuccessfully to push through laws on privatisation and spent a lot of time last year obtaining a reform of the constitution—removing the Council of the Revolution, the all-powerful military watchdog body, and replacing it with a consultative Council of State.

This important gain for parliamentary government was followed by the collapse of the uneasy Social Democrat-Christian Democrat alliance. A weakened Sr Balsemao threw in the towel in December. During the long interim before the formation of a new government it began to be said that the next one would be a last chance for the system to prove itself.

More, therefore, may be pinned to the success of the Soares Government than its own survival. No other coalition would appear possible in the present parliament and Sr Soares fears political vacuums.

The "presidentialist" temptation manifested itself at the time of the elections, when a group of 199 personalties, including former Prime Minister Sra Maria de Lourdes Pintassilgo formed an embryonic movement around Gen Antonio Ramalho Eanes, the austere, schoolmasterish president.

President Eanes' post — for which he is ineligible to stand for another term — comes up for election in 1985. Although Sr Soares is keeping his cards close to his chest he is known to believe the constitution would function better if the President *(ie, himself) were of the same* party as the Government.

This eventuality — of Sr Soares standing for the Presidency as the consummation of his career—would break in half the four-year contract the Government has taken on and threatens to be a delicate problem for the coalition.

The two years is also the minimum time needed for pulling Portugal out of its economic mess. Until then, whether the programme succeeds or not, the Government's public image stands to take a battering.

Sr Soares, as one commentator has said, is known as a general practitioner but un*tried as a specialised surgeon.* A key choice in his government, and one of only half a dozen new faces, is Sr Ernani Lopes, recalled from Brussels to follow a long line of Finance Ministers.

Sr Lopes is not a party man but a hit-man for the economy and a link-man for Portuguese EEC membership. Community negotiations are a subject he knows backwards. Although Portugal accepts that its accession date will probably have to be the same as Spain's—and despite the Prime Minister's close affinity with his Spanish counterpart Sr Felipe Gonzalez —Portugal is trying to get its talks finished first.

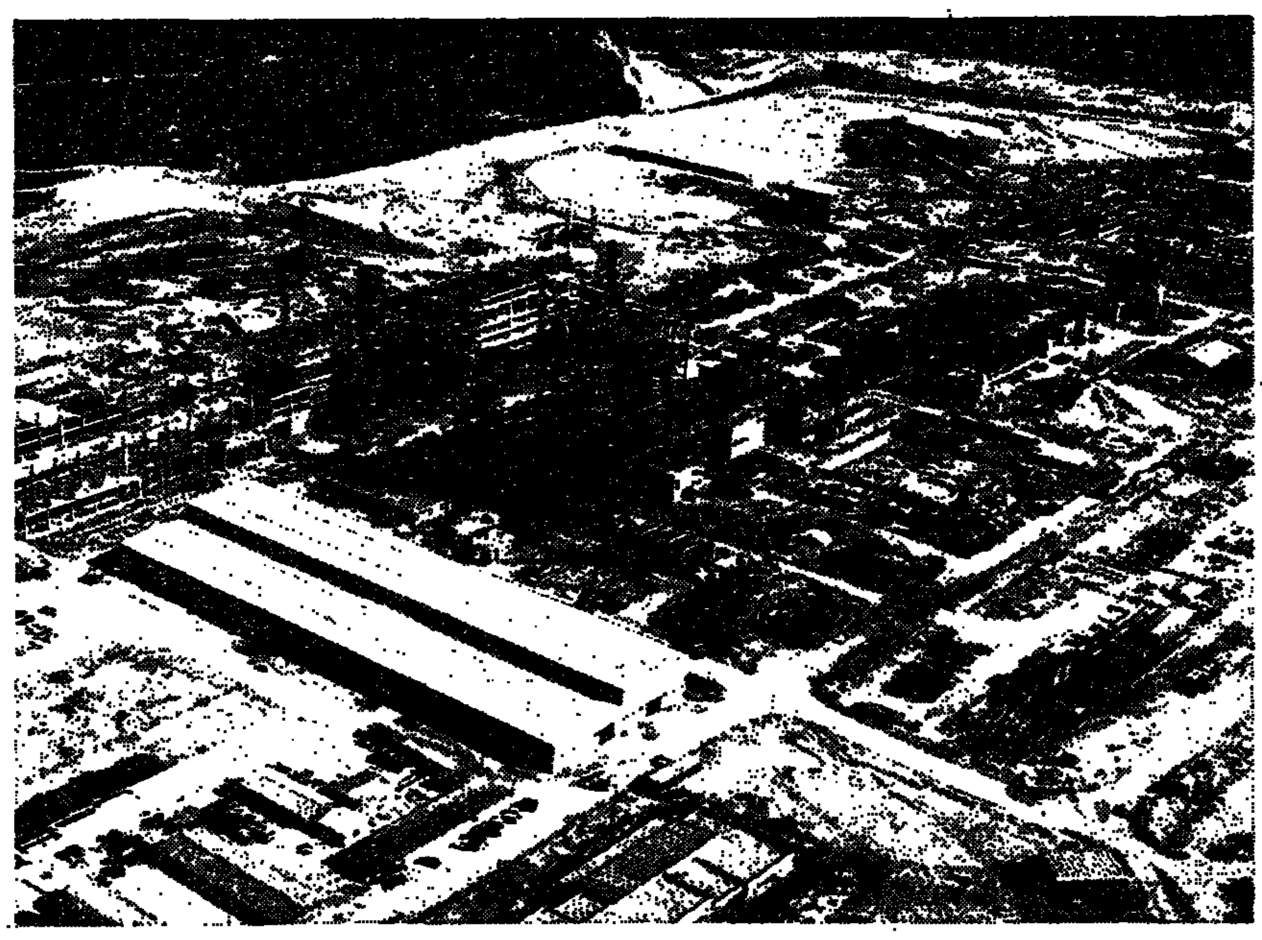
Six-and-a-half years after Sr Soares himself first lodged a membership application Portugal can hardly contemplate any future that is not tied to the Community. Some like to talk of an alternative in a community of Portuguese-speaking countries or elsewhere but there is really no choice.

No choice

Sr Soares meanwhile reaffirms Portugal's commitment to Western defence as a Nato founder member. Talks are due with the U.S. on an extension of base facilities, with Sr Soares leaving open the possibility of a mainland base in addition to *the* Azores, which the U.S. already uses.

The question mark stands not over Sr Soares's intentions but over whether his Government has the imagination the country so sorely needs.

A Mediterranean people tempered by their Atlantic climate, the Portuguese form a society that still holds remarkably together with little more by way *of conflict than village border* disputes. But theirs is also a country beset with bureaucracy, fiefdoms, corruption and a large clandestine economy. It is a place of conspicuous consumerism where poverty is never far away, clinging—but only just—to the continent of Europe.



Steering a course through the fog of debts

The Economy
DAVID WHITE

IT WAS the latest spectator event in downtown Lisbon: huge salvage cranes trying to right the obstinate hulk of a container ship which collided with another vessel in a February fog three years ago and proceeded to lie there capsized in the Tagus, right off the Praca do Comercio.

People brought their sandwiches and waited, with a mixture of good humour and fatalism, for the work to start—well behind schedule as it was. The lifting company, working on a "no cure no pay" contract, was having problems.

For a maritime nation it made a suitably maritime—if unflattering—symbol of the plight of the economy.

Sr Ernani Lopes, the Finance Minister, has no "no cure, no pay" clause, however. He knows that a cure is a long way off and that the best that can be done at present is to remove the danger to shipping.

He does not mince his words about the "inconsistencies . . . debonair use of financial mechanisms . . . economic irrationality . . . a chaotic subsidy policy" and "irresponsibilities" that brought Portugal to the state it reached this year.

The current account deficit had reached over $3.2bn, two and a half times the figure two years before and more than 13 per cent of Gross Domestic Product (GDP). Portugal's foreign debt was half as much again as in 1980, touching $13.5bn at the end of last year, or 58 per cent of GDP, one of the highest rates anywhere in the world. The losses of the dozens of non-financial public sector companies were, moreover, still worse than in 1981, when they almost tripled to some Esc 31 bn.

Until the summer Portugal was encountering difficulties in its borrowing, on both political and technical grounds. Interim funds from the Bank for International Settlements were paid for — though the operation was camouflaged in other language — out of "Salazar's gold," Portugal's close to 700 tonnes of treasured reserves.

It is understood that up to 50 tonnes will have been sold in this way, although there is now no further need.

Portugal's deal since then with the International Monetary Fund (IMF) takes the strain off the debt situation and summer inflows of foreign currency from tourists and emigrants eased the immediate short-term problem.

Under the IMF pact, pegged to spending curbs, cutbacks in the state sector and a reduction — Sr Lopes will not say by how much — in real wages compared to inflation expected to rise this year above last year's 22 per cent, ceilings will be imposed on foreign as well as domestic credit, ending the excessive borrowing of public companies.

The short-term debt, which reached 32 per cent of the total but has since been brought down to 28 per cent, is scheduled to drop further.

Financing needs for this year, when the current account target is a reduced deficit of $2bn, will be covered by the first tranche of the IMF's $480m standby loan and the delivery of between $200m and $250m of a compensatory facility. The Government is expected to make another $300m syndicated borrowing, allowing another institution to go to the market.

Plans next year, when the second and third IMF tranches are due, are geared to a reduction on the current account to around the 1980 level at $1.25bn-$1.5bn.

The budget deficit, according to the plan, is to be pulled down out of double figures in terms of its share of GDP to 8 per cent next year and 6.5 per cent, still a fairly high rate, in 1984.

Foreign indebtedness, currently standing at about $14.1bn, will, it is hoped, stay within a $16bn limit next year.

The reduction of deficits is a harder job than it was in the previous Socialist-led austerity phase in 1978. Without the untapped reserve of export potential Portugal had then, without the same favourable import stock situation, without the sudden inflow of remittances from previously mistrustful emigrants, the plan has to rely on cutting expenditure at the expense of employment.

The Government is running concurrently an 18-month emergency plan, a three-year recovery programme and a four-year modernisation project in preparation for EEC entry.

Sr Lopes's priorities are modernising the banking sector, restructuring state industry (which may become the hottest issue of all), regonal development (for which Portugal depends on the prospect of EEC funds) and "internationalisation" (also very largely geared tothe membership prospect).

"Horizontal" organisms are expected to be set up to improve co-ordination—one of the great dearths in Portugal.

It is too early to determine whether the capital flight that built up at he beginning of he year—a sure indicator of confidence levels—is being reversed.

Sr Lopes is a believer in the resilience of the Portuguese economy. The country has important advantage in a relatively adaptable work force and low wage levels.

But it sustained a blow to its morale in June when Ford finally called off its plan to build a car plant at Sines in the south—a factory that would have been Portugal's biggest foreign investment, its biggest exporter, provider of 6,000 direct jobs and justification of the ambitious Sines development, unfortunately conceived just at the ttime of the first oil crisis. The anticlimactical end to four years of negotiations showed that Portugal, like ships colloding in the fog, has not stopped being dogged by bad luck.

PROFILE: PRIME MINISTER MARIO SOARES

Hard line supported by his countrymen

MARIO SOARES does not care to live in the stately villa tucked away behind Parliament that serves as official residence for Portugal's Prime Minister. He prefers to return to the family home at the end of a long day and relax with an expanding family that now includes two granddaughters.

But Sr Soares is attached to the luxuriant grounds of the official residence. He likes to think on his feet, pacing along the well-trodden paths in one of Lisbon's best tended green spaces. In his second stint as Prime Minister since Portugal became a democracy in 1974, 58-year-old Sr Soares has much to think about.

He heads a government pledged to highly unpopular austerity for 18 months—the only known remedy for Portugal's bloated current accounts deficit and overheated private and public spending.

He has no choice but to see unemployment rise and incomes fall under his administration—a hard test for a man who experienced the bitterness of defeat in 1978 when the internal contradictions of his Socialist-Christian Democrat coalition prompted President Antonio Ramalho Eanes to dismiss him summarily and appoint the first of three non-elected Premiers.

Watching Portugal stumble through months of enforced austerity is a particularly bitter pill for Sr Soares to swallow because he had no plans to become Premier again.

Sr Soares was grooming himself—well out of the political spotlight—for the 1985 presidential elections—an unsurprising target for a senior politician who has few competitors in any party for the top of the polls as his country's most charismatic and durable civilian leader.

One rival for popularity, President Eanes, who cannot run for a third term but is not keen to abandon politics when he leaves the pink palace of Belem in 1985, threw a spanner in Sr Soares' plans to stay out of everyday politics.

By dissolving Parliament and calling an April general election this year President Eanes presented Sr Soares with a dilemma: either to stay in the background and risk seeing his party lose the election without the Soares' charisma or step forward and risk ruining his image at the head of a government destined to hurt the working man's pocket in no uncertain terms.

Sr Mario Soares—his stock is rising steadily

Sr Soares chose to do his best in power—not a surprising decision for a man who loves a political showdown even more than he loves walks in a garden. So far his stock is rising steadily; it seems the Portuguese prefer to be govened by a tough hand than allowed to wander into bankruptcy.

Dianna Smith

Fresh package of incentives

Foreign Investment
FRANK GRAY

THE FOREIGN Investment Institute of Portugal has spent most of this year displaying outward calm in the face of almost calamitous adversity.

Established six years ago as the chief conduit for overseas companies seeking to set up in Portugal, it has struggled through two years of sub-normal investment. This was aggravated by the slowdown in economic reforms by the former government of Sr Francisco Balsemao and the lengthy post-election negotiations that followed the return to power last April of Sr Mario Soares.

As if this situation were not bleak enough, the organisation received a stunning blow in June when the Ford Motor Company decided not to go ahead with a major project to assemble vehicles at Portugal's under-used petrochemical and industrial complex at Sines, south of Lisbon.

The $1bn project was to have been the largest foreign investment deal in the country; it was to employ 5,000 workers to assemble some 200,000 vehicles a year. Above all, it would have put the Sines site to the use for which it was designed diversified use for which it was designed a decade before and would have given the Institute a flag to wave at any major industrial concern looking at Portugal as a place to establish a plant.

But Sr Alexandre Vaz Pinto, the Institute's president, is taking heart from the fact that Ford's rationale for saying no is that the international vehicle market is still not right.

Furthermore, there was no denigration of Portugal as a place to invest. The fact that Ford has "indefinitely postponed" rather than "cancelled" the project means it may live to fight another day.

But perhaps the principal reason for the Institute's comparative calm is the fact that Sr Soares' socialist Social Democrat coalition Government has finally leapt into action with an unprecedentedly busy summer proposing and enacting some distinctly non-socialist legislation.

New life

It is this legislative posture that the Institute hopes will breathe new life into the country's investment climate.

Perhaps chief among these are Labour Ministry proposals to enable economically troubled companies to lay off employees, albeit with the proviso that those affected will be paid 66 per cent of their salaries for up to two years. It was the lack of such a law that is understood to have been a factor in the Ford decision to postpone its plant. Sr Vaz Pinto acknowledged in a recent interview that layoff legislation was vital if large-scale labour-intensive projects were to be won.

Other positive signs derive from a general law allowing private capital to be invested in the banking, insurance, cement and fertiliser sectors that were nationalised in 1975; cuts in public sector investment; and a 12 per cent devaluation of the escudo—all definite pointers to a revitalisation of the business climate and establishment of image of stability.

An added bonus was Sr Soares' choice of Sr Ernani Lopes as Finance Minister. His determination to make his department a lean and efficient tool of Government should make itself felt in the Foreign Investment Institute, which reports to his Ministry.

But the foreign investment sector can count itself lucky at having escaped the wave of nationalisations undertaken by the revolutionary Government in 1975. This is one reason why, despite the world economic recession, the country has been able to score some impressive successes in recent years.

Chief among these was a $600m deal allowing Renault of France in 1980 to set up four plants in Portugal for the manufacture mainly of cars, gearboxes and engines. Employing 3,300, Renault last year exported one-third of its 33,000 cars and half each of the 53,000 gearboxes and 47,700 engines.

General Motors of the U.S. has also become the main foreign partner in two companies—Cablesa, a cable manufacturing concern, and Inlan, a plant manufacturing rubber and plastic automotive accessories. The two plants have a combined investment of nearly $50m and employ around 1,000.

Because there is no particular requirement for Portuguese equity participation in the investing companies, many of the concerns, particularly in the electronics industry where there are 150 companies, are 100 per cent foreign-owned.

Among them are Grundig, Philips, Siemens, Robert Bosch and General Electric, all of which own nearly a 100 per cent shareholding in their Portuguese operations and which collectively employ some 8,000 workers.

The Institute points out that nearly 80 per cent of all foreign investment—last year totalling Esc 11.5 ($111m)—comes from countries in the following order—the U.S., Britain, Germany, Switzerland and France. Japanese investment is scarcely 2 per cent of the total and Portugal would like to see much more of it. In fact Sr Vaz Pinto last year led a technical mission to Tokyo to drum up business from Fujitsu and Hitachi in the electronics sector, as well as Honda, Mitsubishi, Nissan and Toyota in the vehicle industry.

As with other national investment institutes Sr Vaz Pinto's organisation offers a wide range of incentives for investors, including cash supports, tax breaks, interest rate rebates and subsidies for employee training.

Earmarked

It has also earmarked numerous regions around the country on a scale of priorities. Not surprisingly, those most in need of industrial build-up, and where investors will get their best incentives, run along the Costa Verde region in the north and the full length of the country along the Spanish-Portuguese border, virtually from Braganza to the edge of the Algarve.

The second most important regions are around Coimbra, midway between Lisbon and Oporto, Santarem, just inland from Lisbon, the Sines estate to the south, and along the Algarve. The lowest priority regions are in the Lisbon and Oporto areas themselves.

The institute, with a staff of 75, has its own priorities. Chief among these are the establishment of its first overseas offices, two of which have been proposed for Frankfurt and New York. It also would like to see more commercial officers attached to Portugal's many foreign missions abroad. It concedes that because of centuries of empire, Portugal's foreign service has developed a fixed way of doing things which will take some time to change.

PORTUGAL III

Tough targets to reduce trade deficit

Foreign trade and Industry

FRANK GRAY

DIRECTION OF TRADE	1980	1981	1982
IMPORTS (Esc bn)	493.3	622.9	739
Sources (per cent):			
EEC	39.7	37.6	40.1
Efta	7.6	7.4	6.8
Other OECD	21.2	23.3	20.5
Angola	0.2	0.2	0.2
Mozambique	0.2	0.2	0.1
Other oil producers	21.1	21.7	20.9
Sundry	10.0	9.6	11.4
EXPORTS (Esc bn)	248.9	275.7	331
Destinations (per cent):			
EEC	54.6	53.4	57.1
Efta	13.9	13.3	12.7
Other OECD	12.2	10.4	14.7
Sundry	19.3	22.9	15.5

Source: Bank of Portugal

THE International Monetary Fund (IMF), will no doubt be pleased with the performance of the Portuguese current account in the first quarter of this year, when the country's chronically huge trade deficit was sharply reduced.

But the IMF will not be content until it gets much more of the same as the year goes on—such are the tough targets Portugal must achieve if it is to continue to tap into the Fund's resources to enable it to buy time on the road to recovery.

This summer the IMF provided Portugal with a $480m standby loan. Almost as a reward for this, the Bank of Portugal reported a reduced current account deficit of $668m in the first quarter, down from $1.08bn in the corresponding period a year before. Indications are that improvement continued in the second quarter, although final figures have yet to be compiled.

Imports for 1982 totalled $8.97bn and exports $4.1bn, compared with $9.2bn and $4bn respectively the year before. The imbalance follows the pattern over the past decade, with imports invariably doubling exports.

Traditionally some of this slack has been taken up by Portuguese working abroad, who are enticed to set up high interest blocked escudo accounts back home. But emigrants' remittances too have been slipping, from a peak of $2.76bn in 1980 to $2.68bn in 1981 and an estimated $2.5bn last year.

Chief problem

The chief problem area has been France, where about 1m Portuguese live but where exchange controls and a national economic crisis have curbed the flow of funds into accounts which can carry up to 30 per cent interest per year. There has been some strength from South Africa, home to 600,000 Portuguese, but Brazil, where millions of emigrants live, is considered a lost cause because of the chronic weakness of the cruzeiro.

The country can take some consolation this year from the steady recovery of the tourism sector—deeply troubled for most of the latter 1970s but which is likely to be 5 per cent better this year than the Esc 69.7bn ($570m) in receipts from foreign visitors taken in last year. A further boost is coming from the Government, which is formulating extensive plans to organise and promote tourism as a major currency earner.

To assist future trade balances the Government is also revising export incentives schemes, making them more selective and less wasteful of scarce funds.

Temporary limits on consumer goods imports will last until April 1984. These quotas follow a period of overheated importing and the build-up of speculative stocks by the business community.

Given that 1983 was an election year, it is not surprising that there was a wave of acrimony from businessmen, still smarting from the nationalisation programme of the mid-1970s.

Until recently the Confederation of Portuguese Industry (CIP), which represents private sector businesses, justifiably complained that nothing significant had been done to resolve outstanding problems that had drained Portugal's resources. It pointed to the lack of public expenditure control, irrational public sector investment and dependence on foreign suppliers for energy and food.

But now the Soares Government has begun a drive to rein in the excesses of the public sector, successive packages of measures will retrench investment in projects considered unsuitable for Portugal's meagre resources, will restructure top-heavy public companies and will place their spending under closer supervision. These companies' foreign borrowing is now subject to tight ceilings.

But just how far the Government has to go to lead the country back into a free market economy is exemplified by the labour-intensive private building sector, where probably the tightest money in Western Europe has pushed interest rates to 30 per cent for five-year loans. This has put the sector in a dilemma; despite a Government study showing a need for 600,000 new family dwellings, the building trade is immobilised by the high interest rates, the high cost of materials and market resistance to inflated prices.

The price controversy stems from the fact that Portugal pays its workers an average of $2.21 per hour, the lowest in Europe, compared with $11.70 per hour paid on average in West Germany, the highest. These figures published by the Foreign Investment Institute, show the average wage in Britain at $7.26 per hour. Small flats are typically sold at around Esc 4m ($35,000).

Portugal also remains a country of small businesses. In recent years there have been efforts to group them into larger and more efficient concerns—of the country's 15,000 industrial enterprises 12,000 have a work-force of less than 50.

With direct financial aids to investment and technical training support, the moves have registered success in the footwear industry, where there has been a near trebling of output in the past decade and steady increases in exports.

But textiles, by far Portugal's most notable export success, still suffer from too diversified production, although this is expected to undergo rationalisation as a run-up to EEC entry. This lack of diversification means that in 1982 Portugal's textile export quotas to the EEC were not filled in several categories.

Nevertheless, the EEC last year took 63.3 per cent of Portugal's textiles and clothes, a 53 per cent rise on the previous year. A quarter of this total went to the UK, where sales rose 45 per cent over 1981, but similar large jumps of 47 per cent and 55 per cent were registered in Germany and France, which take 13 per cent and 12.5 per cent respectively of Portugal's textile exports.

Portugal's other chief exports—wood pulp and paperboard, timber products and cork, electrical appliances and parts, footwear and port wine—are enjoying more modest growth.

In overall trade 57.2 per cent of the country's exports went to the Community last year, compared with 53.4 per cent the year before. Some 40 per cent of imports originated in the EEC, up from 37.6 per cent the year before.

It is the EEC's gravitational pull that has given Portugal natural markets and paradoxically has taken what is considered by many trade officials to be too high a proportion of exports, when the country should be diversifying rather than simply shifting its markets.

The country's exports to North America rose to 7 per cent last year from 6.2 per cent the year before and imports eased to 11.4 per cent from 12.6 per cent. Japan, a new player on the trade scene, takes a fraction of Portugal's exports but already has 3.4 per cent of the Portuguese market share.

In the age-old belief that only ill-winds blow from Spain, Portugal is maintaining its independence from what should be its most natural trading partner, sending just 3.6 per cent of its exports across the border, with Spanish goods occupying 5.9 per cent of the domestic market.

Performance

Indicative of some of Portugal's trade problems is its performance with its former colonies and with the oil-producing countries of the Middle East.

Last year exports to Angola, Mozambique, Sao Tome, Guinee-Bissau and Cape Verde collectively fell to just 5 per cent of overall exports from 7.6 per cent the year before, and double digits a few years before that.

A Government-led trade mission was sent to Africa last year to shore up trade relations and numerous joint ventures with Mozambique are being developed. But Angola, torn by war, remains a problem without solution.

Exports to the Middle East were just 3.8 per cent last year, while imports, nearly all oil, rose to 13.7 per cent from 12.8 per cent.

The Government is making a critical review of its trade and tourism promotion offices. It plans to close those which yield next to no results and redeploy resources to areas like the U.S. where Portugal needs to sell harder.

After a long period where reforms were discussed and not delivered the Soares Government is racing to deliver the goods.

Die-hard traditions of waiting for customers to buy rather than going out to sell cannot be cured in a few months but the bleak fact of Portugal's external imbalances and official resolve to put some order into a messy public and private sector should spur manufacturers to develop new export potential.

Climate starts to change

Banking

DIANA SMITH

THERE ARE nine nationalised banks in Portugal with nearly 1,000 branches altogether. They are heavily staffed, at an average of 42 people per branch compared with an average of 16 per branch in Britain.

Bank employees enjoy a welfare system inherited from the paternalistic past before the 1975 revolution, when Portugal's 14 commercial banks were owned by members of the wealthy oligopoly that controlled business and industry—such as they were in a country lagging decades behind Europe in economic growth and development.

Banks and the assets of the oligopoly were prime targets of the Communist Party and its military allies in 1975 when the revolutionary vanguard briefly pushed a bewildered nation as close to the brink of Soviet-style state ownership as any Western European state had come in 30 years.

By nationalising the banks on March 14 1975 the Military Council of the revolution dragged what was then 53 per cent of Portugal's fixed capital formation into the hands of a revolutionary state. The banks acted as holding companies for the lion's share of major commerce and industry.

The number of banks was pruned from 14 to 9 through mergers but the number of employees swelled. Bank owners and senior managers were sacked by the workers. Some were arrested by political militants armed not only with guns but with blank warrants signed in bulk by muddle-headed military men eager to prove their revolutionary credentials.

For a brief turbulent period bank staff, including messengers and cleaning women, ran the institutions, usually according to whimsical or vindictive notions of how "people's banks" operated. Many used their access to information on customers accounts to settle private scores that had nothing to do with political dogma.

The business of banking was shelved in favour of being—or pretending to be — revolutionary. After 48 years of police repression of even moderate political dissenting bank staff, new commissars of the people sporting newly grown beards and scanning customers for signs of "fascism" (a man with a shaved chin, business suit or clean shirt in those mercifully brief times was brave to use a Portuguese bank) indulged in marathon political meetings and exhaustive discussions of half-digested Marxist theory.

If a customer bold enough to stray into those hives of indoctrination was unfortunate enough to be in a hurry to cash his cheque or discount his letter of credit—well, he waited. The banks belong to the people, said the Communist motto—overlooking the fact that customers were people.

Shock waves

The shock waves of the revolution subsided. The beards were shaved off, the political rap-sessions waned—but not, until recent introduction of teleprocessing, the queues.

Portugal was left with an overmanned and overcentralised banking system that had cautiously begun to modernise in the early 1970s, taken a brief damaging pause for agitprop in 1975 and badly needed a dose of capital, mechanisation, staff training, management expertise and competition if it was to behave like a fully-fledged banking system learning to operate in the waters of international finance through expansion abroad of its stronger vessels.

The climate, however, at least is beginning to change.

Eight years after the revolution a predominantly Socialist government committed to an un-Socialist—at least in the received sense—drive to liberalise the economy has used legislative tools shunned by more conservative predecessors and rammed through parliamentary precepts that will give private capital a change to return to banking after eight years of ostracism.

In the next couple of months laws defining ways and means of access of private capital—not only to banking but also insurance, cement and fertiliser manufacture—and a law setting the rules of the banking game will be passed by the Soares Cabinet. If the communists make a fuss—they are expected to—Parliament must debate it.

There are no plans to denationalise the nine banks. At most, maybe somewhere in the very distant future, is there a germ of an idea to merge the weaker vessels—a label for which four of the nine qualify—with the stronger ones.

This prospect displeases the stronger banks whose progress towards profitability and expansion has been despite having too many employees. The last thing they want is several thousand more. What they need is bright well-trained young men at managerial level who do not suffer from redtapeitis. But such young men are rarely attracted to the nationalised banking system and having attended top business schools abroad usually seek employment in top foreign banks.

With the advent of private capital, Portuguese or foreign—with no legislative discrimination in favour of either as the Treaty of Rome dictates—the stronger nationalised banks will be competing with new pacemakers.

Portugal's modest domestic market — 9m people with unsophisticated notions of banking with a gravely undercapitalised business and industrial sector needing to learn about modern management and investment—is unlikely to attract a flood of foreign banks seeking retail business.

It is estimated that of the 22 representative offices of foreign banks now operating in Lisbon or Oporto possibly half would be keen to move to a full branch when the law permits. The wholesale trade is more attractive to the few candidates but even they are not quite panting at the gates.

For the moment a sluggish stock market, a non-existent currency market and a tightly-controlled interbank money market do little to inspire sophiticated bankers.

Who sets up shop and how many "shops" are deployed around Portugal hinges on the capital requirement for new private banking institutions. It is understood this could be Es 1bn—$8m at present exchange rates—a sum meant to attract major operators by preference.

A handful of American and European banks have for some years been actively lending to Portugal at multiple levels—leading annual syndicated loans for the Republic of Portugal, import financing, club loans, financing for the major state-run concerns. They are likely to be more welcome than others should they choose to move into a fully-fledged operation from the low-profile realm of a representative office.

Willingness

Their continued willingness to be strongly exposed to Portuguese borrowing in the years to come would increase their standing in Portugal.

Many foreign banks, especially the Europeans, have tested the Portuguese water, involving themselves in investment or leasing companies that have begun to operate strongly in the last 18 months. Providing services faster and with fewer bureacratic tangles than the nationalised system, they have met buoyant demand despite the economic crisis.

The personal traumas suffered by bank owners in 1975 appear to have faded enough for two families—the Espirito Santos and the de Mello's—to move discreetly back into banking. The former now having major holdings in a small American regional bank and a French bank, has representative offices in Lisbon. The latter, through Jose Manuel de Mello, holds a third of a new investment company set up by Sr de Mello, Morgan Guaranty and Deutsche Bank.

Bitterness lingers on the part of those dispossessed in 1975 and those who, before 48 years of dictatorship were ended, had either to emigrate or be subordinates to a privileged minority. Recent legislative changes are no panacea but they at least end a period of equally frustrating privilege.

Sportugal is the lure for winter visitors

Tourism

FRANK GRAY

PORTUGUESE tourism officials have drawn great satisfaction this year from the fact that Lisbon was chosen to host the 17th annual Council of Europe art, science and culture exhibition.

While the exhibition focused on developments of common European interest, this year's presentation at various sites in Lisbon (May 9—October 2) is paying special attention to Portugal's age of discovery and its empire. It is this interest in historic Portugal that the tourism industry would like to see emerge as an ingredient in the overall Portuguese tourism product—the more reasons one has to visit Continental Europe's westernmost country, the more secure the industry is from the buffeting it has endured in the past decade.

The exhibition's tens of thousands of visitors are helping push the annual influx of tourists well past the peak years of a decade ago—significantly enough just before the 1974 Revolution and the years of economic and administrative chaos that were to follow.

UK recovery

Britain, which is by far the largest contributor of tourists to Portugal, sent 511,000 visitors to Portugal in 1973. This fell to a low of 244,000 by 1976 and it was not until 1981 that it crept past 1973 levels. Last year Britain's tourists numbered 570,500 and the figure is expected to rise by 5 per cent this year.

The recovery means that Britons spent 3.1m bed nights in Portuguese hotels and apartments last year; the Germans 1.1m; the Dutch 741,000; Spaniards 670,400; French 569,900; Swedes 534,400 and Americans 456,874.

What the mid-1970s slump brought home to the tourism industry was its overall economic importance and the need to insulate itself better from the vagaries of domestic politics.

The sector is one of the most important elements in Portugal's overall trade balance picture, a point noted by the International Monetary Fund rescue team which this summer provided Portugal with a $480m standby loan. Last year tourism brought in some Es 69.7bn (£378m) in foreign exchange. Aided by a 12 per cent devaluation this summer of the escudo this figure should improve sharply

TOURISM EARNINGS
(Es bn)

	1979	1980	1981	1982
EEC	32.8	38.7	42.3	44.5
U.S./Canada	12.6	17.6	20.1	22.9
World	41.0	57.4	63.7	69.7

Source: Bank of Portugal.

The industry has recognised the need to build tourism into something that extends beyond the peak summer months. One official pointed out that the number of beds offered in all of Portugal, though centred mainly on the Algarve coast, numbers 150,000 — equivalent to Torremolinos, just a few hundred miles away on Spain's Andalucian coast and just one of Spain's many immensely popular tourist resorts.

It was Spain, he said, which reaped the benefits of Portugal's political crisis.

A restructuring programme has concentrated on the establishment of more recreational facilities along the Algarve. This region now claims six professional standard golf courses and many of the hotels have their own tennis and "deck sport" facilities and swimming pools — instead of leaving customers to rely on nearby beaches for recreation and relaxation.

A new golf course is being built near Estoril, along the Lisbon coast, just 15 miles from the capital, and a major sports complex including golf has been opened in the last year in Troia, 25 miles south of the capital.

The promotion of sport in the off-peak season is being undertaken in a programme called "Sportugal—where winter sport has a new meaning." Under it, Portugal's National Tourist offices abroad make available names and addresses of hotels and clubs throughout the country as well as on Madeira where visitors can water ski, surf, fish, ride, golf, sail and even shoot—the last being usually confined to clay pigeon shooting but with some quail and partridge shooting available.

Madeira, as important to Portugal's tourism as Majorca is to Spain's, managed to escape the problems of the mainland during the revolution but was *hit with its own crisis last year.* This came about because of the twin effects of inflation—Madeira's tourism is centred mainly on five-star hotels—and the unexpected loss of cruise liner business from Britain because of the requisitioning of ships for the Falklands war. Tourism from the UK fell to 47,600 last year from a peak of 64,800 in 1980.

The island's tourism industry has spearheaded a shift to more self-catering and more mid-market hotel facilities, including construction of a lido in Funchal with a capacity of 3,000 beds and a variety of sports facilities.

Loan for airport

An Esc 700m European Investment Bank loan is enabling Madeira to lengthen its airport runway by 155 metres to enable it to take the larger conventional jets, although it still cannot handle wide-bodied aircraft.

While the Algarve, Madeira and Lisbon coastal area are all performing strongly this year—Lisbon is soon to get two new hotels, the Meridien and the Novotel—recovery is coming more slowly to the Costa Verde to the north, near the port-wine growing region. The region has been hit by lack of adequate roads. Increasingly, however, inland resort hotels in the wine region are being listed in travel brochures with flights operating through Oporto and the tourism office is promoting overnight stays in *pousadas*—hostelries situated in historic buildings—in an effort to boost Portugal's most picturesque but least prosperous region.

The Costa Verde suffered not only because of the revolution but through the sudden shift in travel habits. Several shipping lines which served Lisbon and the north a decade ago ceased operating because of the fuel price crisis. This meant a shift in the tourist flow from 50 per cent by car, 30 per cent by air and 20 per cent by sea a decade ago to 75 per cent by air, 20 per cent by car and 5 per cent by sea.

Brittany Ferries, the French passenger company operating from Plymouth to Santander, Spain, is understood to be considering a triangular route that would add Vila Nova on the Costa Verde as a port of call.

The move to boost Portugal's year-round attractions has had its difficulties, particularly in the last year when faulty gas facilities caused the deaths last year of 18 British tourists. Such facilities are only used in the off-peak season—the very time of year Portugal needs more tourists.

The Government responded by consulting Britain on the safety issue and by setting up a special inspection force to examine 6,000 self-catering establishments. Several hundred safety certificates so far have been issued but as a precaution special legislation, effective November 1, has been prepared making owners responsible under civil law to tourists. The Government emphasised also that any owner not passing the safety test would have his gas and electricity supplies withdrawn by the Department of Energy.

The Algarve, a region popular with tourists and a major centre for golf and other sporting recreations

Stuck in a time warp

Agriculture

DIANA SMITH

LABOUR INTENSIVE and backward in most areas, Portugal's uncompetitive agriculture has been hitched to the high-powered and competitive Spanish agricultural wagon in the collective psyche of many members of the European Economic Community (EEC).

Mediterranean French farmers are bitterly opposed to Spain's potential challenge to their produce. The French Government has had little choice but to take an approach at summit level that reflects the gut reaction of a highly vocal and aggressive sector of the French electorate. Since there is a tendency among EEC countries to view the Iberian peninsula as a homogenous whole regardless of political and historic fact, Portugal the underdog has seen its modest production of wine, fruit, vegetables and vegetable oils turn into a bone of contention inside the EEC that is sorely delaying completion of accession negotiations.

Dossier

Only when the Community resolves its Common Agricultural Policy disputes and determines what it plans to do with the so-called Mediterranean products will it be possible for Portugal to push ahead with its agricultural dossier.

Meanwhile, some figures illustrate the glaring need for expansion of plans recently undertaken by the Soares Government to intensify technical assistance to farmers, set up training schools for young farmers, liberalise state-run purchasing and marketing of foodstuffs, institute quality control—this in a country where farmer da Silva plants his peach, apple, pear and cherry trees close together and then wonders why he has a cherapple or a peareach with some help from the bees—and correction of confused land ownership and co-operative or collective farming in the Alentejo, where the Left tried to impose Soviet-style collective farms in 1975.

According to the EEC Green Paper on enlargement of the Community to include Portugal, the share of Portugal's Gross Agricultural Product (GAP) in Gross Domestic Product is 14 per cent compared with 4 per cent in the EEC of the Nine. Growth of the Portuguese GAP is far below the rest of the economy—1 per cent only at constant prices between 1960 and 1975 and negative between 1970 and 1979.

Between 1960 and 1977 Portugal's per capital GAP fell from 31 per cent of average EEC GAP; in Greece and Spain ratios rose from 26 to 43 per cent, and from 31 to 47 per cent respectively.

Meanwhile, of Portugal's working population of 3.8m, 28 per cent is employed in agriculture compared with an EEC average of 8 per cent. Spanish, Greek and Portuguese accession to the Community will raise the EEC's agricultural population to about 13m in a 12-member Community compared with 8m in the nine-member Community.

Portuguese surveys show that the average age of the farming population is well over 50 and that literacy is low—serious obstacles to mastering the standards, methods and intensive paperwork inherent in the EEC's agricultural policy.

Small farmers—who number about 800,000 and often work mini-spreads whose sizes shrink as generations die off and their property sub-divide among multiple heirs—have for years staved off efforts to nudge them into family or group production.

What members of this proud and obstinate breed will do to EEC efforts to produce the perfectly round or red apple and grain of homogeneous quality is a philosophical question that the next decade or so will answer. Portugal will have a long transition period in which to try to herd its antiquated agriculture into the late 20th century. Whether decades can cure the habits of centuries is an enigma.

Ratio worsens

Portugal's isolation from the post-war European mainstream, which kept its industry and agriculture in a time warp and production, productivity and wages a generation behind European levels, means that whereas the average family of today's EEC spends 25 per cent of its budget on food, the Portuguese spend over half their earnings on their daily bread and other staples.

The ratio has worsened since the Soares austerity drive decimated subsidies on staples like bread and milk and on fertilisers and animal feeds, that were driving annual budget deficits to unmanageable proportions and benefiting food processors and middlemen far more than the public.

Withdrawal of the subsidies means that low-paid Portuguese now expend up to Esc 1,000 (£5.45) a kilo for beef raised on top-grade imported U.S. animal feeds rather than domestic pasturage.

Portugal's utilised agricultural area amounts to just over 4m hectares (10m acres)—45 per cent of the country's total land mass. In the EEC the percentage is 60 per cent. Only 6 per cent of Portugal's arable land is pasture against 44 per cent in the EEC.

Low livestock production coupled with high feeding costs means that Portugal must import large quantities of meat with strong repercussions on the food import bill.

Agricultural yields—another factor in an imported food burden that has exceeded 60 per cent of national demand in recent drought-prone years—are about 1.5 tonnes of wheat per hectare compared with EEC averages of 3.5 tonnes. Some foreign farmers in the Alentejo region, however, have achieved much higher yields in normal weather years of close to 4 tonnes per hectare, showing that proper management of land and farming methods can produce satisfactory results.

The Government has attempted to provide some tools for more efficient farming but their proper use depends on a highly individualistic breed of farmer.

The U.S. has had a steady client for part of its rich grain yields thanks to Portugal's need to import massive quantities of grain each year. In 1982 imports of wheat, corn, oilseeds and rice were close to $800m—a hefty sum for a small country with a large trade imbalance.

Guarantees for $620m of this sum came from America's Commodities Credit Corporation, which lets beneficiaries repay grain loans in three years instead of a few months—in this instance on grounds that Portugal is a needy country in agricultural respects.

Before Portugal joins the EEC its grain relationship with the U.S. must be closely negotiated; Community members who acquire grain outside the EEC must pay an import levy into EEC funds. Naturally Portugal with its weak economic structure is anxious to avoid becoming a net contributor, because of non-EEC grain imports, to the rich man's Community club.

Liberalisation of grain purchasing promised by the Government should decrease the U.S. near-monopoly of grain supplies to Portugal accepted by previous administrations.

Targets need to be rescaled

Energy

DIANA SMITH

WEST EUROPE'S lowest energy consumer must invest tens of billions of dollars over the coming decades to catch up with European averages of today.

The exact scale of the investment will be debated by the Soares Government in the next few months in the light of the austerity programme that must affect every aspect of the Portuguese economy for the next 18 months.

Before Portugal's financial resources shrank to perilous levels under the weight of the current account imbalances master long-range and medium-range plans for energy that were unveiled by the previous government. Since the two scenarios devised for these plans —optimum annual growth of Gross Domestic Product of 5.5 per cent, or less dynamic, 3.9 per cent—are now superseded by the need to contain growth for the next few years, there will have to be some rescaling of energy investment targets.

But the guidelines for diversification of sources and means of energy production are not expected to alter substantially, since Portugal's current and highly vulnerable dependence on imported oil and on hydro-electric reserves that have shrunk with repeated droughts cannot be allowed to drag on much longer.

The master plans — medium range until 1990 and long range to 2010 or beyond — call for the following:

● Savings of energy by modernisation and more rational use of industrial equipment, introduction of new technology and energy prices that reflect real costs. The Government is now tendering for specialist companies to make a survey of energy use in selected factories so that the amount of wastage of fuel oil or other fuels may be determined. Meanwhile the heavy subsidies on diesel and fuel oil are being phased out.

● Gradual replacement of oil-fired power stations or industrial boilers by other types of fuel and greater use of alternative forms of energy—particularly solar—for water heating in domestic or business premises. Portugal has one of the top sunshine records in West Europe. A number of home owners have already acquired solar panels, with 100 per cent financing from the National Savings Bank at 18 per cent interest repayable over ten years. Industry is also entitled to assistance with purchases of solar or other alternative energy equipment.

● Intensified use of coal for electricity generation and in the cement, cellulose and ceramics industries. A large coal-fired power station is being built near the port of Sines in the south, with tests due to begin in 1984 using 500,000 tonnes of imported coal. The following year 1m tonnes of coal will be required. If the station expands according to plan it will consume about 4m tonnes a year at full operation.

Short list

The Government is about to examine the short list of bidders for construction of a new coal dock and terminal at Sines. If the general energy plans go ahead, Sines would become a funnel for coal supplies for other power stations and for coal consumed by industry. This could mean a terminal that handled up to 10m tonnes of coal a year, imported in large carriers and either trans-shipped to coastal vessels to feed small ports up and down the coast or carried by rail.

Because Portugal has no facilities to handle large coal carriers at the moment, freight costs of transport in smaller vessels are making the price of imported coal uneconomical.

Looking ahead, if coal consumption rises constantly the south bank of the mouth of the river Tagus would also house giant coal installations, handling as much as 30m tonnes a year. But this is a distant vision.

● Introduction of natural gas either shipped in liquefied form from Algeria or by pipeline from Spain. The authorities are anxious to ease dependence on oil-derived town gas and find natural gas an interesting alternative.

● Introduction of nuclear energy. The master plan considers this a highly advantageous form of energy since it permits use of national resources. Portugal has reasonable proven reserves of raw uranium and is prospecting for more. There is some resistance among monarchist or Left-wing groups to the introduction of nuclear energy but the authorities feel that a sustained campaign of factual information on the subject will overcome the problem.

In principle, four to six pressurised water reactors producing a total of 4,000 to 6,000 MW would be the desired level. If a nuclear decision is taken by the middle or end of next year, the first reactor could be on stream by 1995. Without a decision, plans will have to be made for increased numbers of coal-fired stations, with attendent increases in coal handling facilities.

● Renewable energy, with particular emphasis on biomass and hydroelectricity. In the biomass field more wood or residual fuels would be burned in small local stations. At the moment there are no plans to produce wood or beet alcohol for fuel. Wind energy and use of bio-gas—vulgarly known as "poo power"—in small rural communities will be promoted; some small units are already using chicken or sheep droppings to produce the methane gas for small generators.

The master plans arrive on a scene that has suffered from scanty overall approaches to use or savings of energy and only sporadic co-operation from the population in energy-saving efforts. In the early days of the severe winter drought from January to March this year industry responded positively to Government appeals to reduce consumption but domestic users paid little attention.

Efforts rejected

But at the end of the first quarter energy consumption rose by 7 per cent compared with the corresponding period of 1982, reflecting rejection of sustained efforts to save fuel and reduce the burden of fuel imports on the balance of payments.

The same problem was apparent in the increased volume of oil imports in 1982 when devaluations of the escudo wiped out any benefits from lower world oil prices. Successive increases in local prices of oil derivatives did little to deter car-obsessed private motorists or fuel-burning industries from having their way.

Decreases in oil imports in 1980 and 1981 to just over 9m tonnes, after a 1979 high of 9.9m tonnes, gave way to 1982 increases of more than 8 per cent to 9.85m tonnes. Oil accounts for 83 per cent of Portugal's current energy needs and it is the authorities' resolve to start reducing this ratio as soon as possible.

The Palace of Mateus, home of the renowned rosé wines which form an important part of table wine exports.

Growers set about regaining sales momentum abroad

Wine Industry

FRANK GRAY

THE TABLE and fortified wine sectors of the Portuguese wine industry are making a strenuous effort to regain the momentum that carried them strongly into overseas markets in the boom years of the 1970s.

For the table wineries the push is coming against a background of sharp overseas sales setbacks because of the recession and in some cases simple bad luck such as the collapse in recent years of the once-lucrative Angolan market. Last year some 760,000 hectolitres of table wine were sold abroad, just 7.6 per cent of annual production and a fall from 1m hectolitres two years ago.

Port wine producers are in a different position, as 90 per cent of their production goes abroad, mainly to France and Britain. They are concerned at the effects of market stagnation, inflation and what they describe as excessive Government interference which is impeding their range of marketing options. Port wine production last year was 650,000 hectolitres, 573,000 of them exported, just a 4.8 per cent rise on the previous year.

While they are lobbying for a freer hand to conduct their business—the port wine region of Portugal's Douro Valley is one of the most regulated wine growing regions in the world—producers also recently met in Oporto to map out a strategy to improve sales in the Netherlands, West Germany, Italy and the U.S.

In the table sector visitors to the Algarve in southern Portugal this summer have seen English-language posters urging them to try various red, white and rosé table wines. Airline boarding passes and ticket holders carry commercial advertising promoting the nation's wines.

In Lisbon the Junta Nacional do Vinho, the national wine institute, now publishes a range of information on the table wine industry in a variety of foreign languages and keenly points out that more "marcas premiadas" wines, or premium brands, are available for export than at any time.

While wine is produced in profusion in more than two dozen regions, ranging from Moncao on the northern border with Spain to Lagoa on the Algarve coast, many vintners are still hampered by a lack of marketing expertise. In addition the industry feels that, with more than 1,000 wineries dotted around the country, there is too much diversification of production. This means that most producers do not have a strong enough base to compete effectively abroad.

A further problem is that Portugal's chronic inflation and the cost of running a labour-intensive industry is driving up prices of bottled wines, often priced at Esc 150-250 (£1-£1.75) per bottle in shops, though there seems to be no shortage of 30p a litre wine drawn from barrels.

Led the way

Two wine companies which have overcome these structural problems, and have led the way in Portugal's penetration of foreign markets in the recent past are Jose Maria da Fonseca in Azeitao, 25 miles south of Lisbon, and Sogrape of Oporto.

Fonseca produces premium "denominacao de origim" (denomination of origin) wines under the family name but its export success is led by the brand name of Lancers, a Fonseca unit 49 per cent owned by the Hueblein Food Company, the U.S. food and drinks distributor.

Sogrape, its rival, is better known through its successful Mateus table wines. So successful, in fact, was Mateus with its marketing in the late 1960s and early 1970s in the U.S., and more recently the UK, that it surpassed Lancers in foreign sales. Both companies now export some 3.5m cases of wine a year—about 1.5m for Lancers and nearly 2m for Mateus. The U.S. and Canada take most Portuguese wine exports, but the UK has emerged as the fastest growing new large market, especially for Sogrape Mateus.

PORT WINE EXPORTS

(Hectolitres)

	1982	1981	1980	1979
France	228,200	228,600	254,700	254,500
Bel-Lux.	109,100	69,600	76,300	64,800
UK	64,800	70,600	90,800	107,800
Netherlands	46,700	37,900	47,600	41,400
W. Germany	27,700	37,800	47,600	41,300
Denmark	24,000	22,700	27,800	28,000
Italy	23,100	29,900	31,000	35,000
Soviet Union	18,900	18,700	18,900	17,100
Sweden	6,300	5,100	5.700	7,100
Switzerland	4,700	6,000	6,800	4,200
U.S.	3,700	3,200	3,500	3,500
All markets	572,865	546,428	614,502	521,153

Source: Instituto do Vinho do Porto.

Fonseca, while less successful with Lancers in Britain, has found a way into the marketplace with a leading supermarket distribution of its vinho verde, the white wine from the Minho region on Portugal's northern border.

The two companies made their initial sales with slightly sweet sparkling rosé wines packaged, in Lancer's case, in a ceramic-type jug and, for Mateus, in a flask bottle.

Both remain trademarks but the wine in them now is often white and red and the blends have grown progressively drier as foreign tastes have grown more sophisticated. Their Portuguese identity succeeded in opening the door to a range of other wine exports, particularly reds from the Dao region, one of the largest wine-growing areas situated in north-central Portugal, and ever-rising overseas sales of *vinho verde*.

The strength of the British market lies not only in Britain's traditional ties as a trading partner and through its dominant port wine links but because it is also the largest supplier of tourists. Portugal last year sold the UK 53,000 hectolitres of wine, up from 49,000 two years ago. A stronger export performance still was shown in West Germany, whose offtake in 1982 was 55,000, compared with 37,000 in 1980, while Italy was the EEC's third largest market at 37,000, up from 34,000 two years earlier.

Portugal's biggest setback in Europe, has been in Switzerland, a major importer of bulk wine rather than bottled wine, where shipments fell in two years to 126,000 hectolitres from 214,000.

The collapse of the Angolan market in recent years is the result as much of the ending in the 1970s of colony status for the southern African nation as of that country's subsequent civil strife and overall economic malaise. Wine sales to Angola fell last year to 36,000 hectolitres from 107,000 in 1980.

The recession has bitten into U.S. sales, which stood at 196,000 hectolitres last year, down from 230,000 in 1980. Brazil, at 15,000 hectolitres, is far below its potential owing to a barter arrangement Brazil has with Chile for the supply of wines.

The wine institute is encouraged by strength in Japan, which last year imported 16,000 hectolitres.

Important sales

There is concern, however, that the rosés continue to dominate overseas table wine sales, although they now are just 70 per cent of exports compared with 90 per cent in the late 1970s. But wine officials are quick to point out the importance of the rosé wines in the Italian and German markets, where such wines are not sold to local nationals as much as they are to British and American tourists.

While the table wine producers feel their recent setbacks are temporary, port wine makers in Oporto—organised under the Associao do Exportadores de Vinho do Porto—are facing a longer-term problem.

While 1982 marked a slight recovery, exports were still below the record of 1979 when 628,600 hectolitres were exported. In fact the industry points out that exports are not far different from 50 years ago, when they first broke through the 500,000 level. They have not varied much since, particularly during the table wine industry's expansion years of the 1960s and 1970s.

Port wine exports have not been able to "piggy back" on the growth in table wine sales and are unable particularly to get into the potentially lucrative U.S. market. The U.S. has a long history of producing fortified wines, including port-types from California. Ireland, with 3.5m population, consumes as much port annually, 3,700 hectolitres, as the U.S. with its 225m people.

While the Benelux countries have shown strength—as a group they are the second largest market, with an intake of 155,000 hectolitres—they have not been enough to offset sharp sales losses in France and Britain. France, the largest importer, has seen imports fall to 228,200 hecolitres in 1982 from 254,000 in 1979. The UK market, historically the sole *raison d'etre* for the existence of the port wine industry, has tumbled to 64,800 hectolitres from 107,800 in the same period. If this continues table wines could this year surpass port in the British market.

Drive to expand world route structure

Air Portugal

FRANK GRAY

THE MAJOR facelift launched by TAP-Air Portugal several years ago is now moving into high gear as the state-owned airline seeks to expand its route structure.

The company, for so long indissolubly associated with the cou/ry's tourism industry, is now making an effort to become an airline that not only brings foreigners into Portugal but can fly them to many points beyond.

Its efforts have seen government representatives negotiating this year with the Canadians for access to the lucrative Toronto market—it now flies to Montreal only—and with the Egyptians for rights to serve Cairo. Both efforts look like getting the go-ahead, possibly paving the way for new services by 1984 or 1985.

The company admits that route expansion at a time of economic malaise in the industry is tricky—in 1981, the last year for which financial figures are available, Air Portugal lost $51m and it would like to trim its payroll of 10,000, a large number for a company with 19 aircraft.

But a senior official points out that the time for expansion is ripe. Moreover the upsets that have hit Air Portugal in the last decade require forthright action.

Chief among these was the collapse of the once-captive Angolan and Mozambican markets. Luanda and Laurenco Marques were once served with daily and sometimes twice-daily Boeing 747 services out of Lisbon but the loss of the two colonies savaged the company's revenues and forced it to sell its 747s.

The post-colonial turmoil now has settled and Air Portugal now is recovering some of its African business. Twice-weekly flights operated this summer to Angola and Mozambique, with regular scheduled operations also going to Harare, Cape Verde, Guinea-Bissau, Brazzaville, Kinshasha and Johannesburg.

In the Americas its U.S. and Canadian services are supplemented by regular flights to Rio de Janeiro, Sao Paulo and Caracas.

The idea of a route that would extend it eastward beyond Rome to Cairo is attractive, as it would be the company's first foothold in the Middle East.

Its modernisation efforts have seen Air Portugal in the last year commence deliveries of a fleet of five Lockheed TriStars and new Boeing 737-200s; its 1985 fleet plan calls for it to be operating an all-jet fleet of 22 aircraft.

Two years ago it adopted new in-flight service uniforms and changed its name from the awkward Transportes Aeros Portugueses to a simple TAP-Air Portugal, though now even the use of the word TAP is being dropped.

Air Portugal is counting on the experience of its new president, Sr Orlando Morbey Rodrigues, to improve its balance sheet. He took over in January from Joaquim Augusto Andrade Campos. He previously served as vice-president of the Association of Portuguese Industries but most of his career was spent as a senior official in Lisbon, Mozambique, Angola and Mexico with the Dutch Philips electronics group.

Slow progress to Community membership

Approach to EEC

DIANA SMITH

AS THE months drag on and completion of negotiations with the European Economic Community (EEC) remains elusive, Portuguese leaders claim with incresing frequency that there are alternatives to Common Market membership.

Their impatience is understandable. It was nearly eight years ago that Mario Soares trudged around EEC capitals asking the blessing of the Nine for Portugal's aspiration to join the club after 20 years of politically motivated exclusion.

The political blessing was rapidly given. But the practical process of finding the physical—ie, economic—means to weave the poorest of recent applicants for Community membership into a complex organism that wants to strengthen, not weaken, its fabric has inevitably been more arduous.

Part of the negotiations, which finally gathered momentum in 1981, was settled at a reasonable pace. They formed the easiest part, dossiers that did not worry the Community on the score of extension of benefits or competition from new members.

But when it came to difficult areas — agriculture, fishing and free circulation of more labour in a Community of mass unemployment — the pace slowed to a hesitant stumble. Movement of once and future Portuguese migrants in EEC nations became a matter for controversy; the dossier is still open.

Strong voices

In agriculture and fishing, where Community members speak with particularly strong voices, Portugal has been unwillingly coupled with the competitive threat represented by Spain and made to wait while the EEC settles its attitudes towards southern European produce, decides how to finance programmes for this produce and, having done so — weather and the EEC's Council of Ministers permitting — feels safe in enlarging itself to a Community of 12 without too much further ado.

It has become a bit of an exercise in futility to guess about Portugal's entry date but—keeping an eye on several ifs—negotiations could be completed and the treaty of accession signed by the end of June 1984.

That would please Sr Soares and his Cabinet. There are signs, moreover, that it would also please President Francois Mitterrand. France, whose country presides over the Community between January and June next year. Now that the whole southern sweep of Europe from the Atlantic to the Aegean is ruled by governments that at least call themselves Socialist, even if some—like that of Sr Soares—are compelled by economic imperatives to practise policies that Dr Milton Friedman might applaud, it would make a nice entry in the Socialist log book for M Mitterrand to foster Portugal's and possibly Spain's graduation from the school that makes candidates sweat before they enter the members' enclosure.

Once Portugal's treaty is signed—with all transition periods and pre-accession funds established—the Community can afford to wait for Spain, the larger more challenging candidate, to finish negotiating. Then the 10 EEC Parliaments can ratify the Spanish and Portuguese treaties with due speed and perhaps both countries may enter the Community in January 1986.

At the moment Portugal can do little more than keep things ticking over in the periodical deputies' meetings in Brussels, arguing a technical point here and a minor detail there—the ball is in the Council of Ministers' court.

Grumbling at delays and hinting at possible alternatives is one of the few options open to a country which has no strong selling point other than the will of its democratic leaders to be working members of a democratic European Community.

Portugal's economic weakness makes the unnamed "alternatives" to which leaders refer nowadays a little hazardous. There is no known alternative to pre-accession aid—a total of 625m ECUs (European Units of Account) since 1975—that the Community has doled out to help Portugal to strengthen itself for membership.

No other applicant has received such sweeping assistance, financial and technical, on the journey towards membership. Portugal would have liked to see more in direct grants and less in reimbursable European Investment Bank loans but Brussels is the centre of a hard-headed Community not the capital of Utopia.

Nor is any alternative outside Europe likely to offer the quantity and scope of special funds for which Portugal—by definition an underprivileged region—is tailor-made.

Regional funds

There are regional funds, which help to develop small and medium businesses, infrastructures and local tourism. There are funds to help modernise and organise agriculture or agro-business. There are all the programmes that train Portuguese cadres how to use the funds and the mechanisms, the price support systems, market organisation and industrial associations — a boon for a nation desperately short of resources and trained personnel.

On the less rosy side, the country's weak small-medium businesses, constantly being yanked from the jaws of bankruptcy by loans they can never afford to repay, will be forced by EEC membership finally to face hard economic facts. Many Portuguese businesses drifted through the captive markets of the former African colonies, being bought from rather than selling. Having lost the markets it is less easy to lose uncompetitive attitudes.

But the risk has to be faced, according to all Portuguese who understand their countrymen's peculiar gift for responding well to external rather than internal challenge.

Back in 1976 Sr Soares, who headed Portugal's first Government elected by universal suffrage since the 1920s, saw EEC membership as protection against totalitarian temptations from the Right or Left. That philosophy still pervades Portugal's urge to link its destiny to a common concern for parliamentary democracy.

Under this umbrella—Portuguese democrats hope—it will be next to impossible for civilian or military extreme Right-wingers to convert grumbles and dinner party fantasies into real plots to bring back repressive law and order—or for Communists or fringe extreme Left-wingers to try to impose by force the dictatorship of the proletariat that the Portuguese people have repeatedly rejected at the polls.

Still with a useful role to play

Relations with Africa

DAVID WHITE

IN THE jargon of bureaucrats and customs men they are known as the "new countries with Portuguese as official language." It sounds better than "old African colonies."

Ever since Portugal's African possessions — Angola and Mozambique—gained independence, in rapid succession, in 1974-75, Lisbon has been feeling its way towards a new relationship, at first with little more than pious statements of good intent, then in the last two or three years with more success.

Next to the EEC and Nato, these links hold a high place among Portugal's external concerns—to preserve something of an overseas role. This has been more difficult in Portugal's case than in that of Britain or France (the latter now a rival in the search for influence in Portuguese-speaking Africa).

The last major African empire had no model, political or economic, to pass on. The independence movements, pitched against a dictatorship, precipitated Portugal's own revolution. Come independence, the mother country was trying to find its political feet just as much as the others.

Portugal had held its grip, with increasing repression, long after most of the rest of colonial Africa had won independence in the 1960s. Decolonisation was abrupt, shattering trading patterns and emptying Mozambique and Angola of skilled labour and administrators.

That 700,000 *retornados* from Africa should have been absorbed so easily into the mother country—in proportion it would have been rather like 4m immigrants arriving in the UK—is a tribute to Portuguese tolerance. But the break with Africa was a shock to the system.

With the colonies went five centuries of Portuguese history. African topography from Lagos to Natal bears witness to the discoveries of the Portuguese caravelles seeking their route to India. Luanda, founded in 1575, is the oldest city in Southern Africa. It was probably the Portuguese who introduced maize and manioc to the dark continent.

The temptation is to see the new Africa policy as a manifestation of nostalgia for what was once looked on as a second Brazil. What does Portugal have now to offer Africa, or vice versa?

Prime partner

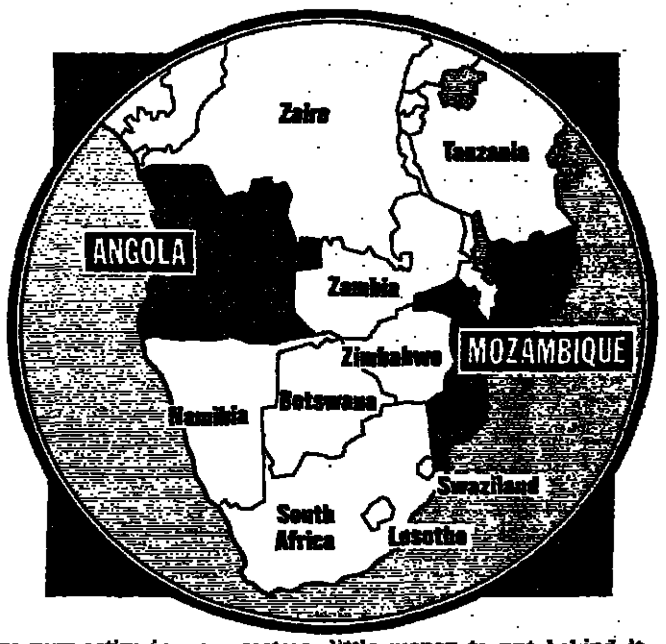
If continuity prevailed in the island states of Cape Verde and Sao Tome-Principe, where Portugal has stayed on as prime economic partner, the opposite took place in the two major colonies which, like Guinea-Bissau, went for a radically different "model."

In 1970 Angola took 15 per cent of Portugal's exports. After independnece its share dropped to 2 per cent. The 37 per cent of its exports that went to the mother country at the start of the decade were not even 1 per cent at the end of it. Mozambique was the same story—9 per cent of Portugal's exports in 1970, less than 1 per cent in 1980, with Portugal's place among its clients dropping from 41 per cent to 7 per cent.

However, experience of co-operation with Eastern bloc countries—problems, for instance, with teachers whose first language is not Portuguese—and the subsequent shift away from purely ideological partnerships has brought a breakthrough in relations with Portugal since 1980.

Language is one thing—especially in training programmes—but not all—witness Brazil's failure to follow up its early efforts to make a bridge with the African countries.

What Portugal has is a large stock of recent experience in Africa — an otherwise wasted asset — and a reserve of medium-technology expertise and middle-level managers.



While Portuguese ventures are very active in some sectors, notably civil engineering, the trade record has been uneven. Portuguese exports to the ex-colonies soared in 1981 to over Es 19bn and sagged to Es 16.6bn last year—five per cent of total foreign sales. The first half of this year has seen a sharp recovery, more than doubling the figure for the corresponding period of 1982. Sales to Angola, which accounted for almost half the total, rose by 158 per cent, but were still not back to 1981 levels. Sales to Mozambique have climbed steadily but the other countries have shown mixed results.

With Angola, Portugal has a commercial agreement dating back to 1979 and special financial arrangements between central banks to cover exports of capital goods and services. Similar pacts have been established since 1980 with Mozambique, together with inter-company agreements in building, shipyards, chemicals, textiles and mechanical engineering.

Portugal's problem, in its bid to place the emphasis on technical co-operation, is that it has little money to put behind it.

A recently joined member of both the African Development Bank and the International Development Association, it has been trying to sound out other Western countries on three-way deals to obtain financial backing, so far without visible success.

Nevertheless, the Portuguese believe they can serve an essential purpose in providing an entree to these parts of Africa.

On the diplomatic level, too, there is an important—if low-key—role to be played by Portugal through its connections in the two Portuguese-speaking front-line states of southern Africa.

Post-colonial diplomacy is a hand the Portuguese are justifiably careful not to overplay. "To see Portugal as a go-between would be overstating the possibilities," said a Lisbon diplomat.

On the other hand, new economic relations rest on more than colonial links. Portugal is literally a country between the developed and underdeveloped worlds and Africa is the most obvious place for that to be turned to good account.

Heavy investment in modern machinery

Textiles

ANTHONY MORETON

THE ARCO factory in the little village of Santo Tirso, just outside Oporto, is working flat out round the clock producing cotton fabrics that will eventually be made up into shirts and blouses for chain stores in Britain, France and Germany. Marks and Spencer and Mothercare are among the stores that will sell clothes made from its cloth.

Arco is typical of the industry in Portugal. It is investing heavily, has the very latest machinery—30,000 new spindles, 380 looms, many of them ultra-high speed shuttleless—and working to capacity. Portugal has become a flourishing oasis in a European textile industry that has been shattered since 1979 by the worst depression it has known.

Production figures show the progress. Between 1975 and 1980, the last year for which figures are available, production of cotton fibres rose from 128,884 tonnes to 163,053 tonnes. The rise in artificial fibres was even more dramatic—from 7,243 tonnes to 32,842 tonnes.

This rise has been translated into exports, which are causing serious concern in Portugal's main markets of Britain, Germany, Sweden and France. Since 1977 Portuguese clothing exports have doubled in volume and risen fourfold in value, with the EEC taking 63 per cent of overseas sales in 1980, the last year for which figures are available, compared with 49.9 per cent in 1977.

The industry's success has come about through a willingness to invest in new machinery, low wages and because of rapid inflation in Greece, its main European competitor as a low-cost supplier. In addition, it has helped by being largely privately owned, which has allowed a very conservative dividend policy. There has also been a rethinking among its main buyers which has seen many of them abandon some of their Far Eastern suppliers, as costs there have risen, in favour of Portugal.

Among all these attributes the willingness to plough back profits has been the main factor in producing success. Portugal's industry may still have its old-fashioned black spots but its leading producers are as modern as the best anywhere.

In Portugal's case it is also about low wages which cannot be ignored. Other companies in other countries have also invested heavily—though probably not on the scale of the Portuguese—but they do not have the benefit of Portuguese wage costs, which make an important difference in the labour-intensive clothing side of the business.

The average wage on the textile side is about Esc 14,000 a month, though some firms such as JMA pay more; in clothing the average is rather less. With shift-working premiums—up to 50 per cent for nightwork—and a mandatory 13th month's pay for holidays, together with a 14th month for Christmas, the worker's pay will probably come somewhere around £40 a week, a figure below that now being paid in Hong Kong.

The low prices which have resulted from this policy—Portuguese towels are probably half the price of those home-produced in Britain, for example—has led a lot of buyers away from the Far East and on to the plane for Oporto.

The industry gets some help from the Government in the form of soft loans geared towards export turnover. Since all the companies sell a considerable part of their output overseas—JMA 90 per cent, Samelos 80 per cent, Mondex 80-90 per cent, Arco 60 per cent—they all benefit.

These loans allow a discount of up to 10 points on commercial borrowing rates, now around 30 per cent. Since there has been virtually no equity market since the revolution in 1974 bank borrowing is an important factor in supplementing ploughed-back profits.

The geographical location of the industry has also helped by keeping down the low wages. Most of the factories, like Arco's, are to be found in rural settings. The country's famous vines which make the vinhos verdes wines, creep around many factory perimeters.

Santo Tirso, Arco's home, is an unlikely place to find a textile plant for those nurtured on the dark satanic mills of Manchester or Milan. The town has a population of about 2,000 yet sustains five companies which provide jobs for 4,000.

Santo Martinho do Campo is a mirror-image. Its 14 mills employ over 7,000 people although the town's population is just 2,200.

To get their workers the plants scour a wide area and since the only alternative work in this part of Portugal is in the depressed agricultural industry—small holdings run uneconomically—it is possible for the employers to keep wage costs to a minimum.

This has left the industry extremely well placed for entry into the EEC, provisionally pencilled in for next year but now, it is thought in Lisbon likely to be delayed by at least a year.

Much of the new investment has been made with the specific intention of getting the industry ready for the EEC. Senhor Alfredo Almeida, a director of JMA, is specific: "We told ourselves that if we were to join in 1984 then we needed to have completed all our capital spending by 1982. This would allow us two years in which to build up our cash flow. We are on target."

The great attraction of the Common Market is that Portugal will have unlimited access after a period of accession. At the moment it is tightly controlled by quotas, though there is a looser agreement with the UK because the two countries were both at one time members of the European Free Trade Area.

There is another attraction: entry will almost certainly mean changes in Portugal's labour laws. These are very restrictive and have made it difficult since the revolution for an employer to lay off workers except under stringently controlled conditions. When EEC directives become applicable the industry will be able to match its workforce to its needs; despite all its present success, there is evidence that some factories are overmanned.

EEC entry will also encourage the return of more professional managers, lack of whom is one of the weaknesses not just in textiles but throughout industry.

There is another glaring weakness of which the Portuguese are also aware. Nearly all the producers turn out goods which eventually sell under someone else's name. There is no internationally-known Portuguese brand name and until the industry creates one it will continue to be thought of as a supplier rather than a creator of clothes and household linens.

While the Portuguese are aware of these they appear to be blinded at the moment by the prospect of all those tariff barriers around the Common Market falling down, as the walls of Jericho once did. They can hardly be blamed even if it might be rather a short-term view.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday September 14 1983

IFC urges more cash to bridge debts gap

By Peter Montagnon, Euromarkets Correspondent

THE International Finance Corporation, an affiliate of the World Bank, is to step up its efforts to promote direct foreign investment in developing countries as one means of filling their growing payments gap.

Mr Judhvir Parmar, IFC vice-president, told a press conference in London that IFC plans to increase its own investment spending to about $80m annually from last year's $55m, which was itself a record.

IFC officials argue that investment opportunities in developing countries are growing, now that many are dropping restrictions in key areas such as majority ownership. The financial problems of the countries concerned have also led to devaluations which make them more attractive as a manufacturing base.

The IFC, which was set up in 1956 to promote investment flows to the developing world, acknowledges that its cash assistance has been relatively small, but officials claim that it has acted as a catalyst in channelling large amounts of finance to poorer countries.

Its annual report, published today, states that a record $845m in loans and equity participations were approved in the fiscal year ended June 30. These went to 58 companies in 36 countries.

Unlike the World Bank, the IFC concentrates on private sector operations and does not use government guarantees for its finance. This means it is more exposed to losses, and last year the poor investment climate led to increased loss provisions of $99.6m compared with $84m a year earlier.

Nonetheless, its actual losses last year amounted to only $10.1m, bringing total losses since 1956 to $30.6m out of total funds disbursed of $2.2bn. Net income in 1982–83 rose to $23m from $21.5m.

Hewlett takes control of Japan affiliate

BY WILLIAM HALL IN NEW YORK

HEWLETT-PACKARD (HP), the fast-growing U.S. electronics group, is buying majority control of its Japanese affiliate, Yokogawa-Hewlett-Packard (YHP), in a deal understood to be worth more than $30m.

YHP, which was formed as a joint venture between Hewlett and Yokogawa-Hokushin Electric of Tokyo in 1963, is one of Hewlett's major overseas operations. It employs 2,000 people and has sales of over $250m. YHP manufactures a proprietary line of electronic instruments for measuring the electrical characteristics of components and integrated circuits which are distributed throughout the world by Hewlett-Packard's sales force. It also sells HP-developed products in Japan.

Hewlett plans to increase its stake in the Tokyo-based YHP from 49 per cent to 75 per cent by purchasing 1.467m new shares for an undisclosed price.

Hewlett-Packard says that the deal is intended to "provide a broader charter for YHP in applying its manufacturing and marketing expertise in support of Hewlett-Packard computers and other electronic products supplied to HP's Asian customers."

Hewlett says that its increased emphasis on providing customers with complete measurement and computational solutions rather than single products required YHP to establish a closer working relationship with Hewlett's worldwide organisation.

John Young, Hewlett's chief executive, said yesterday that the deal will "strengthen YHP's marketing and customer support in Japan, and will assist HP's Far East headquarters in Hong Kong in providing greater sales and service capability to all HP customers in the Far East."

First City secures Permian for $385m

BY OUR NEW YORK STAFF

FIRST CITY Financial, a Canadian financial services company controlled by the Belzberg family, is paying $385m for the assets of Permian Corporation, an oil pipeline and trucking company, owned by Occidental Petroleum.

First City, which recently acquired Hanseatic, a New York government securities dealer, said that as a result of the Permian acquisition, it will "have a very strong position in the U.S." First City has assets of more than $2.4bn, total equity of $220m and over the last four months has raised over $70m in the Canadian and U.S. financial markets.

First City will pay Occidental $275m in cash, a promissory note for a further $50m and cash from the sale of existing crude oil inventory valued at between $50m and $60m.

Permian operates 5,200 miles of crude oil pipelines and a fleet of 600 tanker trucks plus storage facilities of 5.3m barrels of oil. Almost all the crude purchased by Permian is sold to third parties without processing.

Brazil will make new Singer machine

By Andrew Whitley in Rio de Janeiro

SINGER, the U.S. aerospace and sewing machine company, still intends to concentrate its production of sewing machines worldwide in only two manufacturing centres, Taiwan and Brazil, despite the gloomy domestic outlook for Brazilian industry during the next few years.

A major step in this long-term plan is the decision to use Brazil as the manufacturing base for a new "world sewing machine," to be exported to the U.S. and Europe from next January.

This sophisticated new model, codenamed Phoenix, will be for export only, using the spare capacity and cheap labour available to Singer in Brazil to compete on more favourable terms with the Japanese manufacturers, Singer's main rivals in world markets.

During the next 10 years Singer do Brasil, the wholly owned local subsidiary, has committed itself to the Brazilian Government to earning $500m worth of exports. This year's exports are estimated at $40m, up from last year's $30m.

The U.S. company's operations in Brazil are almost an archetypal case study of the way in which a well established multinational facing hard times in the local market is having to export its way out of trouble.

Domestic sales of sewing machines fell 30 per cent last year, contributing to a small year-end loss. Pre-tax profits were 36.5m cruzeiros ($144,000).

Exports last year amounted to 55 per cent of the total output of 800,000 units, and are expected to take a higher share this year with the virtual collapse of Brazil's consumer durables sector.

In recent years Singer do Brasil, which has a net value of 13.9bn cruzeiros ($20.3m at the current exchange rate) and is the parent company's largest foreign subsidiary, has diversified into related areas, such as home tools and electric motors for other users, with modest success.

It is still heavily dependent, however, on its traditional sewing machines. In 1981 Singer had a 45 per cent share of a domestic market worth approximately $260m.

The U.S. company is hoping for a recovery in its domestic sales by 1985 but for the moment it is concentrating on exports, which last year went to 80 countries.

Singer explains that new investment in the Phoenix project is only $4m because little retooling is needed and the capacity is already available at its manufacturing plants in Sao Paulo state.

By going for a world model, made in Brazil for export, Singer follows a path already trodden by the major vehicle manufacturers. The difference is that, in Singer's case, production of similar products by its plants in industrialised countries, such as the U.S. and Italy, is being run down and gradually replaced by the output from Brazil and Taiwan.

FRAGMENTATION OF AT&T LAUNCHES MUTUAL FUNDS

Breaking up a giant

BY TERRY DODSWORTH IN NEW YORK

THE DISMEMBERMENT of American Telephone and Telegraph (AT&T), the world's most widely-held joint stock company, will be an extraordinary event, even by Wall Street standards. When the U.S. telecommunications group is broken up at the beginning of January, it will involve the redistribution of not far short of 1bn shares among eight separate entities formed from the entrails of old Ma Bell. One out of every 10 common stock holder in the U.S. will be affected.

Wall Street is convinced that many of these shareholders will be deeply irritated by this jolt to the ordered pattern of their investing lives. Its response has been to launch a variety of mutual funds designed primarily to take over an individual's entire AT&T holding and manage it for him.

A large portion of AT&T shares are held by investors who have bought the company and locked it away quietly for its better than average yield (currently 8 per cent) and steady – if unexciting – growth. According to the broking community, AT&T shareholders tend to be cautious and conservative – the ideal targets for a securities industry which is only too happy to offer them a similarly serene future in return for a little extra turnover.

The primary difficulty for AT&T investors is administrative. The break-up, however well organised, will be a messy business. It is intended that holdings will be split up between the eight companies (the parent and seven new regional telephone groups) on the basis of one share in each of the regional entities for every 10 common shares in the present AT&T. But fractional shares – in quantities not evenly divisible by 10 – will not be issued. Thus shareholders with very small stakes – fewer than 10 shares – will be paid only cash and larger holders may receive some cash representing the market value of their fractional shares.

A further complication is the longer-term management of the portfolio. If investors do nothing to change the distribution of their new holdings, they will have lost what for many was the principal attraction of investment in AT&T – its simplicity. Rather than one single investment giving extremely broad exposure to the U.S. telecommunications industry, they will have certificates in eight different companies, will need to plough through eight different annual reports, and will receive 32 quarterly dividends a year.

'Wall Street is convinced that many AT&T shareholders will be irritated by this jolt to their investing lives'

To overcome these complications, the new mutual funds have a simple concept: in essence the shareholder will be left in much the same situation as before with his AT&T stock swallowed up and reappearing as units on which he will receive 12 monthly payments. He thus preserves his old investment spread without any of the complications of monitoring the eight companies for himself; and no one would need to accept cash because the funds swallow up the fractional holdings themselves.

All of this comes tax-free because investors are simply exchanging the shares for units. Investors lose a 1.5 per cent sale fee and they may also net a slightly smaller income from dividends than before because the newly launched companies will probably set more conservative payment policies – a problem that would have arisen for investors, of course, whether in or outside the funds.

The fund managers, however, have a number of schemes for giving investors more exciting options if they want to pursue a more active policy. Merrill Lynch, which was the first off the mark with its Equity Income Fund, First Exchange Series, will allow unit holders to back out of the fund free of charge up to July next year, either tracing their way back into the newly created AT&T group shares, or consolidating on any of the eight companies.

Many shareholders are expected to have strong preferences for particular regional telephone companies, for either sentimental or hard-headed investment reasons. Their initial move into the fund will give them a breathing space to consider their options.

E. F. Hutton has launched a similar fund, but is also allowing former AT&T holders to back out and into a specially formed telecommunications managed fund – again at no extra charge. This will hold a much broader swathe of telephone companies.

The managed fund concept has also been taken up by Prudential Bache, but in a rather more radical form. Prudential is offering AT&T shareholders a once and for all move into a much more diversified telecommunications growth fund with adventurous objectives.

Telecommunications, Prudential argues, are poised for extremely rapid expansion over the next decade, and there are several high growth – if high risk – investments available. It will therefore absorb AT&T holdings, sell the shares before March, and then reinvest the proceeds across a broader range of the industry – aiming for capital growth rather than yield. It expects share prices of the AT&T spin-offs to be sufficiently lively during the sale period for the fund to be able to dispose of its holdings satisfactorily.

The funds are now gearing themselves up to become operational in early November, and so far have no clear idea of the intensity of public reaction. But the indications are that the fragmentation of the U.S.'s awesome telecommunications giant will give a further stimulus to interest in an already lively sector.

Profits at Macy up with boom in spending

By Terry Dodsworth in New York

THE RECENT recovery in U.S. retailing helped R H Macy, the department store company, to a 38 per cent increase in net profits at $186.7m for the year to July. Earnings per share rose to $3.72 from $2.74, while sales were up by 16 per cent to $3.5bn.

In the final quarter, Macy's earnings growth began to slacken slightly with net profits up by just under 30 per cent to $42.7m. Sales increased by 16.8 per cent to $809m in the period – about 1 percentage point better than the industry average according to the company.

Macy benefited during the year from a $3m reduction in net interest costs, while also improving its net margins through a tighter control of overhead costs. All divisions of the group, which operates on a coast to coast basis, contributed to the upturn.

Macy said yesterday that by early October it will be operating 93 stores in the U.S. The group's most recent openings have been concentrated on the fast-growing sunbelt areas of California and Florida.

Ambrosiano deposits rise

By Our Financial Staff

NUOVO Banco Ambrosiano, the bank created after last year's collapse of Banco Ambrosiano, may break even at the operating level for its first financial year, ended June 1983.

Speaking at the inauguration of a new branch, chairman Sig Giovanni Bazoli said the bank had regained much of its deposit base. Deposits had risen to L3,000bn ($1.83bn) from L1,800bn at the time of Ambrosiano's collapse.

Keep Cast in Canada, says bank

By Robert Gibbens in Montreal

THE Royal Bank of Canada, which now owns the Cast North Atlantic container business through an indirectly controlled offshore subsidiary, Cast (1983), would like to see the operation "end up in Canadian hands."

Mr J. H. Burnett, bank vice-president and general counsel, said the bank was committed to selling the Cast container operation when the opportunity came. While there were no buyers interested at the moment, container rates were firming and the business could be successful again.

This adds support to a widespread belief in Montreal shipping circles that a Canadian-controlled consortium is likely to buy the Cast container operation when it is on a firm footing again. Several Canadian-controlled shipping companies, which have successfully weathered the recession, have looked closely at the Cast operation. One possible participant said such a consortium would require an experienced and well financed European partner.

With restructuring of the Cast container business by the Royal Bank, the former parent, Eurocanadian Shipholdings (ESL), and founder and chief shareholder, Mr Frank Narby, are out of the picture. ESL is now in liquidation in Bermuda.

Canadian National Railways(CN) is an 18 per cent shareholder in ESL

Another loss feared on Danish cruise line

BY HILARY BARNES IN COPENHAGEN

THE DANISH shipping company, DFDS, continues to be dogged by losses on its U.S. East Coast car-cruise liner venture, Scandinavian World Cruises. In a first-half statement, the company said it will suffer a loss this year similar to last year's "if planned ship sales are not realised."

In 1982, the company lost DKr 261m ($27.4m) after depreciation and DKr 190m after revenue from ship sales.

Last spring the company said it would sell up to nine vessels but has sold only three so far. The income from the sales was satisfactory, said the company, but total revenue from ship sales is less than expected.

Scandinavian World Cruises operates three vessels, a car-cruise line sailing between New York and the Bahamas and two smaller passenger car ferries sailing between the Bahamas and Florida. The operation enables New Yorkers to make the New York-Florida "snowbird" trip by ship and with their cars for the first time.

The project, started in 1982, has failed to fulfill expectations and, although DFDS says it is covering operating costs, it is unable to meet its substantial capital costs. Mr Leif Juul Jørgensen, managing director, said, however, that the company had no plans for pulling out of the U.S. venture.

DFDS also faces a challenge on the North Sea routes between Scandinavia and the UK, in which it has a near monopoly. The Danish shipping company, Mercandia, has declared its intention of winning a 20 per cent share of the Denmark-UK cargo market.

Signal raises $160m in sale

By Our New York Correspondent

SIGNAL COMPANIES, the U.S. conglomerate, is expected to raise close to $160m from the sale of 6.5m shares of Diamond Shamrock, which it acquired after the latter's takeover of Natomas, the U.S. energy and transport group, last month. Signal has held a stake of roughly 12 per cent in Natomas since 1979. It acquired this when it decided to swap its 45 per cent stake in American President Lines for Natomas shares.

Chrysler buys back warrants

By Our New York Correspondent

THE WARRANTS issued by Chrysler to the U.S. Treasury as loan guarantees during the financial rescue of the company three years ago have been effectively bought back by the company.

The Treasury has said that Salomon Brothers, the U.S. investment bank, had acquired the 14.4m warrants on behalf of Chrysler with a bid of $21.602 per warrant.

The Treasury will realise $311m on the sale of the warrants.

Tooth boosts earnings to A$28m

By Michael Thompson-Noel in Sydney

AUSTRALIA's Tooth and Company, which is controlled by the Adelaide Steamship Company (Adsteam), has reported a net profit of A$28.3m (U.S.$24.6m) for the year to June 30.

Direct comparison with the previous trading period, which covered 15 months, is not possible, but, on an adjusted basis, earnings rose from 21.8 cents a share to 40.3 cents.

The dividend of 35 cents per share has been declared, compared with 30 cents for the previous 15 months, an effective distribution increase of 46 per cent.

The net result included an equity accounted contribution of A$8.8m from Tooth's 47.2 per cent stake in H. C. Sleigh and 47.3 per cent stake in National Consolidated.

Tooth said recently it was selling its brewing interests to Carlton and United Breweries for A$160m. It said yesterday that it would use the money to reduce group debt.

Interest charges in the period to June 30 rose from A$22.4m to A$35.5m.

Commonwealth Steel Company, a subsidiary of Broken Hill Proprietary, is negotiating a takeover of Vickers Australia, 66 per cent owned by Vickers of the UK.

The local company, which has a current share market valuation of A$25m, and net asset backing of A$46.3m, yesterday reported a 24 per cent fall in net profit for the six months to June 30, to A$1.6m.

Interim dividend is unchanged at 2.5 cents a share.

INTL. COMPANIES & FINANCE

Pakistan embarks on a new plan to charm back private enterprise

Pakistan is seeking foreign investment in "capital intensive and sophisticated industries," as announced in London in April by Mr Ghulam Ishak Khan, Minister of Finance. But behind this lies the aim of increasing the rate of private sector investment in general, MOHAMMED AFTAB reports

THE PAKISTAN Government is seeking a bigger role for the neglected private sector, to boost new industry. The state sector raised its pre-tax profit by 47 per cent to Rs 1.1bn ($88m) in the year to June 30, 1982, from Rs 747m ($56m) in 1980-81.

While the country's state sector claims that it is growing, the Government, somewhat paradoxically, proclaims its wish to boost private business. The state-owned industry expansion is reflected in the 985-page annual report for the year to June 30, 1982, unveiled some weeks ago by the Ministry of Production.

Pakistan's private sector, demoralised by an anti-business environment in the late 1960s, and humiliated by a socialist government in the 1970s, has behaved as the reluctant groom of the Pakistani economy over the past 15 years. Now an up-dated, sixth Five-Year Plan provides for 85 per cent of all industry to be established by private enterprise and 15 per cent by the state, compared with an earlier draughted 90:10 ratio.

President Zia-ul-Haq's efforts to charm private enterprise back to action have been undermined by a conservative bureaucracy's tight regulation of the economy and by customs and excise duties, as well as by corporate and personal taxes in the annual budgets in the past six years.

The Government now realises the sheer necessity of developing industry, fast, in order to feed the domestic market, substitute imports, and enlarge export of manufactures. This is a task the sixth Five Year Plan, from July 1 1983 to June 30 1988, sets out to meet.

The Plan assigns a larger role to the private sector, ending a decade-old preference for the public sector.

The Industries Ministry finalised sanctions for $4bn private development in the last five years. Industrial units established or lined up are, however, 20 to 25 per cent of that amount. The largest number of these units are in synthetics, polyester, chemicals and fertiliser. The second significant area is cement, glass and paper products. Textiles are the third principal group. Tractors, automotive spares, electronics and construction are other fields which are attracting investment.

The sixth plan is geared to emphasis on down-stream works of the Pakistan Steel Mills, cold storages, seed processing, grain silos, fructose, caramel, yeast and dry fodder pellets, food canning and vegetable dehydration, gypsum board, sheet glass, silica lime bricks, pre-fabricated building elements, coal carbonisation products, and methanol and mineral processing.

Furfural, kraft paper and pulp, newsprint, caffeine, ready-to-wear and fashion garments, basic metals, transport equipment and energy-related industries, are other potential fields for investment.

The Government planners have laid out a bigger role for private business in the country's sixth Five Year Plan, launched on July 1. The outlines and size of the plan were held up by division between the populist Planning Commission, and the Finance Ministry.

Ten years of state dominance of the economy, particularly of industry, have not delivered the goods, it is accepted. The Planning Commission, realises that the public sector lacks the financial resources, management and wherewithal to pull industry out of stagnation.

The state sector, as well as private industry, has yet to take a major step towards the electronics age. The Finance and Development Minister, Ghulam Ishaq Khan calls such activities "the sunrise industries".

Most businessmen were still engrossed in industries over which "the sun is setting fast", he lamented at the fourth National Electronics Conference this summer.

The 1981-82 profits of the state conglomerate result from a 12.7 per cent increase in volume, and an 8.3 per cent price rise.

Sales of the widely diversified state enterprises, consisting of 63 concerns, were Rs 18.88bn in 1981-82, up from Rs 15.68bn.

The state concerns include 25 companies which the Prime Minister, the executed Zulfikar Ali Bhutto, had nationalised in the mid-1970s.

The others were established by the Ministry of Production, which oversees all the state sector units.

The units are grouped into seven holding companies and an independent corporation for steel. The holding companies severally produce chemicals and ceramics, fertilisers, motor vehicles, cement, engineering goods, and petroleum refining and petrochemicals, as well as miscellaneous items.

With 81,700 persons on their payroll, the state units are, together, the largest industrial employer in the country. Excessive manpower and "featherbedding" is one of the causes for their high cost of production, compared with private business.

They are the largest single producer of industrial goods and enjoy a complete monopoly in many items, like motor vehicle assembly, cement and heavy engineering. They have a predominant or a large share of the market in an array of chemicals, light engineering, fertiliser, petroleum products and tractors.

This market predominance, together with the Government's fixing prices of most items, means that the state enterprises have been accused of price increases not altogether necessary.

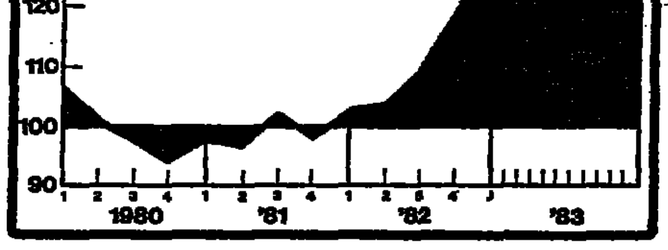
The cost of production at the state concerns is high. The reasons are several. They pay a high price for imported machinery, the bureaucrats who run them are inexperienced in their management and in most cases there is no competition to spur price-cutting or improvement or quality. At the same time, the Government, beset with its own spiralling spending, finds the state-made goods a convenient instrument to raise revenue, and frequently increases prices.

The state sector, helped by the Government, has, however, kept a good investment record over the years. The estimated cost of its projects being implemented or planned totals Rs 45.9bn, including a foreign exchange cost of Rs 18.53bn. The Soviet-built Pakistan Steel plant at Karachi accounts for Rs 27.79bn. or 60.5 per cent of the total. The 1.1m tonne a year steel plant is scheduled to go into full production in little more than a year.

Although the state businesses' performance is improving since General Saeed Qadir took over as Production Minister, they still have a lot of ground to make. Out of 22 items they manufacture, for instance, production of 19 was below their annual capacity in 1981-82. Ammonium sulphate, superphosphate and tractors were unusual in that production overshot set capacity. The annual report, however, points to 27 concerns operating at 75 per cent of capacity or above.

The Government may, however, take satisfaction in the state units paying taxes to the Government up from Rs 1.7bn five years ago, to Rs 3.5bn in 1980-81, and to Rs 3.66bn in 1981-82.

"We do not evade taxes, as the private sector used to do before nationalisation," says a state official.



First Finance Corporation (UK) Limited

NON AUDITED STATEMENT OF ACCOUNT
MARCH 31, 1983

		£
(1)	ASSETS	
I.	Cash and cash items	443,026
	Interest due at call	448,270
	Due from banks interest receivable	2,300,000
	Total cash and due from banks	3,191,296
II.	Securities sold privately	15,000,000
III.	Commercial loans	6,510,000
IV.	Real estate investment (A)	4,800,000
	Real estate investment (B)	613,000
	Real estate investment (C)	17,716,267
	Total real estate investment	23,129,267
V.	Adjustable currency gains and losses	89,911
VI.	Subsidiaries U.S.A. FFC Group of Companies	1,000,000
	Subsidiaries BRAZIL	100,000
	Subsidiaries FRANCE	120,000
	Subsidiaries U.K.	65,000
	Total investment in subsidiaries	1,285,000
VII.	Premises and equipment	302,500
VIII.	Accrued interest	175,500
	Other assets	2,850,000
IX.	Credit instruments uncollected	9,750,000
	TOTAL ASSETS	62,283,474
(2)	LIABILITIES	
I.	Outstanding securities	15,000,000
	Interest payable December 31, 1983	4,294,060
	Time securities on real estate investments	17,928,565
	Commercial loans	6,510,000
	Other liabilities	120,000
	Credit instruments outstanding	9,500,000
	Total liabilities	53,352,625
II.	Due to banks	89,911
III.	Common issued stock	425,002
IV.	Dividends not yet declared	NONE
V.	Undivided profits	8,415,936
	GRAND TOTAL	62,283,474

Marginal midway rise at Marui

BY YOKO SHIBATA IN TOKYO

MARUI, Japan's largest instalment-payment based department store chain, known for its policy of opening all its stores next to major railway stations, has lifted half-year unconsolidated net profits to Y5.01bn from Y4.84bn.

Parent company pre-tax profits in the period to July 31, reached Y10.16bn, up by 4.3 per cent from the previous year. Sales were up 6.3 per cent to Y129bn from Y121bn. Profits per share were Y21.57 compared with Y23.22. The company attributed its slow earnings growth to sluggish consumer spending.

Marui's sales at its existing stores rose by only 1.2 per cent in the period. In view of a move in consumer spending patterns away from consumer durable goods towards leisure and services, the company has shifted its emphasis to the expansion of service outlets and consumer finance.

As a result, turnover in the service sector grew by 61.8 per cent from the same period of the previous year, but still only accounted for 4.3 per cent of the total.

Of total sales, womens clothing accounted for 21.5 per cent (up by 7.1 per cent), mens clothes and goods for 17.1 per cent (up by 3.1 per cent), furniture and household utensils for 14.0 per cent (up by 3 per cent), and electric goods and musical instruments for 15.4 per cent (up by 5.4 per cent).

Negative factors, such as higher depreciation costs and heavier interest payments following the opening of new outlets and lower profit margins resulting from lengthened instalment repayment periods were offset by good earnings from the service sector.

In the current half year, ending January 1984, the company expects good sales contributions from its newly opened Kinshicho store. From August, the company introduced no-deposit credit sales—to all its stores and expanded the number of services offered to the younger generation such as loans for installing telephones or for acquiring driving licenses. With continued strong earnings from the service sector, Marui's full year sales are expected to grow by 11.0 per cent to Y300bn.

Full year pre-tax profits are forecast at Y20.5bn, up by 3 per cent and net profits at Y10bn, up by 4 per cent. The company is expecting to achieve record sales and profits for its 21 consecutive year.

On the grounds of this bullish earnings forecast for fiscal 1984 Marui plans to increase the year-end dividend by Y2 to Y15 per share.

Chartered unit complies

KUALA LUMPUR—The technicalities for locally incorporating the British-owned Chartered Bank have been completed, according to Mr N. H. Green, the outgoing manager.

The restructuring of the bank's equity in line with the New Economic Policy of Malaysia, which stipulates that at least 30 per cent of shares must be held by indigenous Malays, will take place "when the Government feels the time is right," said Mr Green.

Only the Malaysian operations of the Chartered Bank are to be locally incorporated and when this is done it will be equal in asset terms to the third largest bank in Malaysia, United Malayan Banking Corporation. The Chartered Bank has assets locally worth more than 3bn ringgit.

Mr Green said that on completion of local incorporation the bank would be renamed Chartered Bank Malaysia and its shares will be floated to the public.

AP-DJ

Loss narrowed at UEL

SINGAPORE — United Engineers reported yesterday that its first-half group pre-tax loss narrowed to S$3.6m (U.S.$1.68m) from S$15.9m in first half 1982. It reported a 25 per cent decline in turnover to S$39.2m.

The heavy equipment and engineering group said turnover fell due to continued poor trading conditions. It also cited the loss of a number of product agencies but added that, due to improved management and the termination of unprofitable and fringe activities, overall first-half losses were lower.

UEL said that full provision was made in its 1982 full-year accounts against its equity in United Engineers (Malaysia). Thus, it said, it had not considered it appropriate to account for the results of the Malaysian unit in the group accounts for the first half of 1983.

Also excluded from the first-half accounts was an extraordinary profit of S$731,000

AP-DJ

Norwegian survey group to go public

By Fay Gjester in Oslo

GECO, the Norwegian seismic survey company, has put 24 per cent of its capital up for sale. Geco's owners, Det norske Veritas and Kongsberg Vapenfabrikk are asking around NKr 96m ($13m) for the shares.

The two partners — DnV carries out ship and rig classifications, materials testing and other consultancy services while KV is a state-owned munitions, engineering and electronics company—hope to bring in new owners to strengthen Geco's equity and prepare it for further expansion.

It is already the world's third largest marine seismic company, with turnover this year forecast at NKr 950m, compared with NKr 822m in 1982.

The placing is planned for this month. Some time next year Geco will seek a listing on the Oslo Bourse and will launch an issue of new shares to raise "several tens of millions of krone."

Following the placement this month of the 24 per cent stake, Geco employees will be offered NKr 3m-worth of new shares.

Last year, the Kosmos shipping group considered buying Geco from its present joint owners. The two sides failed to agree on a price, however.

● MO OCH Domsjoe, the Swedish forestry group, is to sell its interests in its two remaining hydro-electric power stations to a private Swedish consortium for SKr 900m ($114m). The proceeds will be used to reduce Mo Do's debt and interest costs.

India seeks further fall in RBI influence

BY R. C. MURTHY IN BOMBAY

AN Indian Government effort to remove from the Reserve Bank of India its powers to license foreign banks to open branches in the country has set the two on a confrontation path.

Discontent has been simmering at the Finance Ministry in New Delhi over the RBI's stance on many issues. In recent years, the annual reports of the Reserve Bank have been rather frank on the government's actions. Dr Manmohan Singh, the bank's governor, has differed from the government on issues such as non-resident Indian investment and takeover bids made by Indians living overseas. Dr Singh is on record as saying that captains of industry should have clear guidelines so that they should not constantly be looking over their shoulders for takeover bids instead of planning for corporate growth.

What has brought matters to a head was the issue of licensing the Bank of Credit and Commerce International (BCCI), which has been waiting for an RBI clearance for more than four years to convert its representative office in Bombay into a fully-fledged branch.

The Reserve Bank is apparently not satisfied with the BICCI application, arguing that it is not eligible to open an office on the grounds of lack of reciprocity, which has been generally the basis for allowing foreign banks in India. It is on this issue that proposals from both Midland Bank and Barclays to open branches are still pending (there are a large number of British bank branches in India), although the Bank of Nova Scotia, from Canada, was granted a licence.

BCCI is owned by Arab sheikhs but is registered in Luxembourg. Other considerations also weighed against the RBI granting it a branch licence. The Reserve Bank decided to consider the request only after some arm-twisting by New Delhi.

The government does not want this situation to recur. It tried to tackle the problem first by placing a civil servant about to retire from the Finance Ministry in a key position at the Reserve Bank. But Dr Singh, himself an ex-civil servant, saw to it that his views prevailed in the allocation of portfolios among his deputies, while conceding to the government the right to appoint the deputy governor.

The Finance Ministry opened a second front by proposing an amendment to the Banking Regulation Act to remove from the Reserve Bank its powers to licence foreign banks to open offices and to allow Indian banks to open branches within the country and abroad.

Dr Singh clearly does not want to go down in history as the governor who presided over the fall in influence of the Reserve Bank. Already, the RBI has been weakened by the separation from its control of the Industrial Development Bank of India, by transferring its ownership to the government some eight years ago and also by taking away its agricultural credit function following the setting up last year of the National Bank for Agriculture and Rural Development.

International Capital Markets Review

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Every Monday the Financial Times publishes a review of the previous week's activity in the international bond markets.

This synopsis of the Euromarkets together with a comprehensive tabular list of current international bond issues offers the reader a detailed and thorough weekly study of one of the most important financial mechanisms in the world today.

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In addition the Financial Times publishes a monthly summary of Quotations and Yields from the Association of International Bond Dealers.

INTERNATIONAL APPOINTMENTS

Prudential banking post

● PRUDENTIAL INSURANCE CO. OF AMERICA, which is pushing beyond insurance and investment activities into banking, has hired **Mr Charles E. Lord**, vice chairman of the Export-Import Bank of the U.S., to co-ordinate the expansion. He will become chairman of the recently-created Prudential Bank & Trust Co. The bank is the successor of the tiny Capital City Bank, Hapeville, Georgia, which Prudential bought last April.

● ARTHUR GUINNESS AND SONS has appointed **Mr Robert F. Kinsey** as president of the Guinness-Harp Corp, New York. He was previously vice president of McKesson, U.S. wine and spirits group.

● **Mr Eric D. Saunders** has been elected executive vice president—Midwest for the SEARS MERCHANDISE GROUP, one of five business units of Sears, Roebuck and Co. Mr Saunders succeeds **Mr M. E. Burkholder**, who has retired. **Mr Everett L. Buckardt** has become vice president—specialty stores and catalogue store operations. In his new post, he is responsible for Sears Business Systems Centers and the newest specialty stores now being tested—Sears Paint and Hardware Stores. He previously was general manager of Sears Chicago group of retail stores. **Mr Matthew A. Howard**, was elected vice president—home appliances and home entertainment succeeding **Mr Robert R. Thompson**, who is retiring.

● **Mr Henry W. Donaldson** has been named vice president—marketing and business planning for the GTE TELEPHONE OPERATING GROUP. Mr Donaldson will be responsible for the strategic direction and marketing of local network services and residential telephone equipment for GTE. Since 1981, he has served as senior vice-president of USTS, an ITT Corp. operating subsidiary providing interstate telephone services throughout the U.S.

● SOURCE TELECOMPUTING CORP. has appointed **Mr Bert I. Helfinstein** its president and chief executive officer. Mr Helfinstein is a former president of the Computer Systems Group at Planning Research Corp., a computer services company also located in McLean, Va. STC is a subsidiary of The

● **Mr David A. Sizer** has been elected chairman and chief executive officer of RICHARD ELLIS INC, international real estate consultants. Mr Sizer, who joined Richard Ellis in 1964 and became a partner in 1966, was one of the three partners of Richard Ellis responsible for establishing the firm's U.S. offices in 1976. He was chairman of Richard Ellis' international committee.

● **Mr Ralph Steedman**, vice-president-finance, has been appointed a director of LAWSON & JONES LTD—CANADA. Lawson & Jones is a constituent company of the overseas division of the Mardon Packaging Group.

● **Mr Eugene F. Finkin** has been appointed executive vice-president — operations of DANLY MACHINE CORPN., a subsidiary of Ogden Corpn. Mr Finkin will be responsible for Danly's manufacturing, engineering, purchasing and employee relations. He joins Danly from Westinghouse Electric Corporation, where he served for two years.

● **Mr Dennis J. Ziengs**, vice-president, has been named general manager of the Seoul branch of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST CO of Chicago. Mr Ziengs, who joined Continental in 1973, has held positions in the bank's international banking services department in Rotterdam and London. He was most recently assigned to Tokyo as area manager of Continental's multinational banking services.

● EG&G, INC, has elected **Mr George H. Gage** a senior vice-president. He was a vice-president.

● **Dr Karlheinz Radermacher** has been appointed to the board of the ZF GROUP. He will be responsible for the management of the central engineering division and hold the post of deputy chairman. Dr Radermacher was formerly responsible for research and development at BMW. **Mr Max Mugler** has taken over management of the central finance and administration division as a full member of the group board.

● **Mr Andrew Scott** has been appointed chief executive of HNT of Kano, Nigeria to carry out a reorganisation of the company. Mr Scott has joined HNT from Dantata Holdings of Kano and Lagos where he was an executive director.

● **Mr Furman C. Moseley, Jr.**, and **Mr Peter L. Scott** have been elected to the board of OWENS-CORNING FIBREGLAS CORP. Mr Moseley, Jr. is president of Simpson Timber, Seattle, Washington. He is also chairman of Simpson Paper, a subsidiary of Simpson Timber.

● **Mr Aziz D. Syriani**, a director, has been elected to the board of OCCIDENTAL PETROLEUM CORP. He is president of the Olayan Group and Competrol Establishment, which through its subsidiary, Competrol (BVI), is Occidental's largest single common shareholder.

● **Mr James J. Morgan**, executive vice-president, Philip Morris USA, has been appointed chairman and chief executive officer of ATARI, INC., a Warner Communications company. He succeeds **Mr Raymond E. Kassar**, who has resigned, but will serve as a consultant.

● **Mr David A. Wingate** has been elected chairman of RAYMARK CORP. Mr Wingate is chairman and president of Hi-Shear Industries Inc., North Hills, NY, which holds 30.6 per cent of Raymark's stock. Mr Wingate succeeds **Mr William S. Simpson**, who has retired. **Mr Ealan J. Wingate**, a vice president of Hi-Shear Industries, has joined the board.

● INSURANCE SERVICES OFFICE, INC. has made the following changes: **Mr Fred R. Marcon** has become senior executive vice president and chief operating officer and **Mr Charles R. Schader** executive vice president. Mr Marcon, previously executive vice president responsible for insurance lines, actuarial and information systems, will additionally assume responsibility for administration, industry relations and ISO Commercial Risk Services, Inc., ISO's property-services subsidiary organisation. Mr Schader, senior vice president and general counsel, has assumed added responsibility for finance and research.

● **Ms Sandra K. Johnigan**, a partner in ARTHUR YOUNG'S national office, has been named co-chairman of the financial services group. Ms Johnigan will concentrate on the thrift industry while co-chairman **Mr Bud Ward** focuses on the firm's banking practice. Ms Johnigan will continue to serve as the firm's representative on the savings and loan committee of the American Institute of Certified Public Accountants.

● **Mr Roger L. Billings** has been elected a vice president of AMINOIL USA, Inc. He previously served as the company's general manager—Gulf Coast area. Mr Billings assumes the responsibilities of vice president—eastern region. Before joining Aminoil last year, Mr Billings was executive vice president and chief operating officer for Home Petroleum Corp., U.S. **Mr William L. Donnelly**, vice president—western region, has been appointed vice president—production, based in Houston. **Mr Theodore W. Ehring**, vice president—eastern region, succeeds him as vice president—western region. Mr Donnelly has been named general manager—western region in 1979, and vice president—western region in 1981. Mr Ehring has been elected vice president—domestic exploration in 1981 and appointed vice president — eastern region in 1982.

UK COMPANY NEWS

BAe slips to £36.5m at midterm

DESPITE A 10 per cent rise in trading profits by British Aerospace in the first half of 1983, from £53.1m to £58.5m, the taxable surplus slipped by £800,000 to £36.5m — following a halving of net interest receivable to £6m.

Earnings per 50p share of this aircraft, guided weapons and space systems manufacturer are given higher at 18.3p (16.8p) on a net basis and at 19.8p (18.2p) on a nil distribution basis and the interim dividend is being lifted by 0.25p to 3.5p net. For 1982 a total of 8.45p was paid.

Sir Austin Pearce, chairman, points out that the company continues to grow. Sales advanced by 12 per cent from £930.9m to £1.04bn and the order book at the end of June of £4.5bn was 7 per cent higher than at the beginning of the year.

He says strenuous efforts have been made to improve sales volume and realisations, to improve efficiency and to reduce costs. Personnel reductions and reorganisation expenditures have been necessary but, despite making provisions for the costs involved, the trading profits increased.

Further investments have been made in the development of military aircraft, such as the Agile Combat Aircraft (ACA), civil aircraft such as the Airbus 300-600 and the 310-300, missiles such as the Air Launched Anti-Radar Missile (ALARM, and also satellites for direct broadcasting.

This, together with lower interest rates, means that net interest receivable was reduced but with no charge for tax attributable profits rose to £36.5m compared with £33.6m.

Throughout the period the company maintained a healthy positive liquidity position and the cash flow was also positive, Sir Austin says.

Major sales efforts continued during the period, some results of which have already come to fruition, such as winning the contract to devlop and build the ALARM defence suppression missile for the RAF, further home and overseas orders for the supply of Rapier and additional sales of the Jetstream 31, for example, in Australia.

During the period the UK Government announced the award of a contract to build a demonstrator experimental aircraft based upon the ACA.

Three new aircraft, the Jetstream 31, the BAe 146 and the A310, entered service with the airlines and, in the case of the BAe 146, also with the RAF. "Performance exceeds our expectations, and our confidence in these products is being demonstrated and shared by our customers," Sir Austin reports.

The latest version of the BAe 125 business jet, the 125-800, flew in June and the group already has orders to add to the six 125-700 orders received during the period. The space and communications division continued to expand and the first of five European communications satellites, ECS-1, was launched.

As part of the rationalisation programme, the group has closed its factory at Hurn, where the major work load was on the BAC 1-11. The workforce is being reduced at other sites mainly involved in the production of civil aircraft. To meet these costs a provision of £19m has been charged against trading profits.

Looking ahead Sir Austin says competition in all sections of the aerospace industry continues to be severe but with the group's product range and its competitive drive the directors believe it will succeed in the market. Approximately two-thirds of all the products are exported which reduces the impact of UK Government expenditure on its performance.

"The future is challenging but one that we view with confidence," he concludes.

A divisional breakdown of sales shows: civil aircraft £194m (£160.6m); military aircraft £432.8m (£423.2m); guided weapon systems £261.4m (£238.8m); support services £60.9m (£57.5m); space £62.5m (£29.1m) and miscellaneous £28.6m (£21.7m).

See Lex

Marchwiel makes £6.2m halfway

INCLUDING a first time contribution from Finlas first half taxable profits of Marchwiel improved from £4.32m to £6.2m, and the interim dividend is lifted 0.3p to 3p.

During the period to April 30, 1983 the gradual decline in turnover was reversed with an increase of just over £20m to £120.48m. However, trading conditions in the UK are still depressed and expansion is being concentrated in areas where there are some signs of real growth.

Overseas trading of this builder, civil engineer and parent company of Sir Alfred McAlpine, recorded overall profitability though the results were somewhat mixed.

After tax of £2.48m (£1.73m) net profits emerged at £3.72m (£2.59m) for earnings of 10.2p (7.2p) per 25p share. For the year to October 31, 1982 the company achieved taxable profits of £13.75m from turnover of £243.24m, and paid dividends totalling 7.5p with a final of 4.8p.

● comment

The wet spring has not hindered sales of Marchwiel houses in the UK. The £11m acquisition of the Finlas house building group proved to be excellent timing and combined with existing house building operations has enabled the group to grab its share of the modest house building boom this year. Marchwiel sees this sector as its most promising area for expansion. The UK construction, though patchy, is unlikely to get worse and the company is heartened by recent contracts including the Manchester Exhibition Centre, recently awarded. South African profits were down by 20 per cent with little sign of recovery yet. But elsewhere prospects are more cheerful and according to the chairman "there are a number of useful pokers in the fire." That adds up to a reasonable order book and strong cash reserves of around £30m, similar to the year end, despite the £11m pay out for Finlas. It compares with a market capitalisation of £69m. Marchwiel should make £16m for the full year which puts the shares down 10p at 200p on a prospective actual tax P/E of 7.9 and yielding just under 6 per cent.

Pause in LMS growth—pays more

THE PREDICTED downturn in profits at London Merchant Securities turns out to be from a restated £9.97m to £7.86m for the year ended March 31 1983. The dividend, however, is lifted from 1.3p to 1.55p net, with a final of 1.05p.

Lord Rayne, the chairman, explains the profit reduction as a product of peak expenditure on property and energy development, the initial absence of income from important new acquisitions, and associated companies' contribution cut from £2.31m to £557,000. Investment income fell from £6.44m to £4.99m.

However, the upward trend will be resumed in the current year, says the chairman, with substantial increases from 1985 onwards as the revenues from all those sources come into full flow.

Net asset value attributable to shareholders rose by £51m to £155m. The figures incorporate an increase of £48.5m in the value of the LMS interest in investment property resulting from a revaluation of the portfolio.

Net property rental income after all outgoings rose by 22 per cent, from £8.32m to £10.16m, and will advance further this year.

After tax £2.16m (£3.06m) and minorities £783,000 (£486,000) the year's attributable surplus came to £4.91m (£6.43m). Earnings are shown at 3.08p (4.03p) basic and 2.25p (2.83p) fully diluted.

● comment

Over the years London Merchant Securities has switched its emphasis away from industrial interests towards property and energy. The property revaluation gives some hint at the company's real worth but then the steady improvement of rental income had already given the market a feel for this end of the business. However the energy division is only just emerging as far as profits are concerned. The message from the chairman's statement is clear enough in that a full recovery to over £10m can be anticipated in the current 12 months helped by over £1m from its First Leisure interest. Next year the profits line should really start to motor. Its stake in the Maureen field alone could be worth £4m that year, while the recent tax changes should enable it to shelter the income stream fairly effectively. At 71p a 3 per cent yield and p/e of over 30 on fully diluted earnings hardly makes the shares look cheap. Still long term, they should not let investors down.

A & M Hire placing to raise £0.5m

A & M Hire, formerly Data Securities, is raising £500,000 through the placing of 11.37 per cent of its capital on the Unlisted Securities Market. The company supplies a wide range of antique furniture and other equipment to theatres and TV and film companies.

Brokers Le Mare Martin have placed 5m new 10p shares at par and dealings will commence on September 19. The balance of the company is owned by Mr Christopher Maclean, chairman and finance director, Mr David Rosenberg.

The directors forecast a profit for the year to January 1984 of £700,000 before tax, compared with £410,000 last year. They also forecast a dividend of 0.1p net per share and estimate on a nil tax charge a p/e of 6.29 at the placing price of 10p and a yield of 1.42 per cent. If they company had been listed for a full year the dividend would have been 0.2p.

The money is being raised to meet the costs of expansion. A new warehouse was purchased in January which increased space by over 50 per cent and allows for further investment in furniture and equipment to meet increased demand.

Items for hire include the full contents of a pub with 80 ft bar and a gothic church. It also has lighting, vases and other equipment to complement the furniture featured in films such as Chariots of Fire and TV programmes including Barchester Chronicles and Reilly Ace of Spies.

In concentrating on antiques, the company has been able to increase the value of its assets considerably. It does not hire costumes nor has it moved into modern furniture.

Home Charm advances and sees record year

A RECORD year is foreseen by Mr H. E. Fogel, chairman of Home Charm following a rise in interim pre-tax profits from £1.22m to £2.92m.

The 1982 rationalisation and expansion programme, including the £14m Sankey Homecentre acquisition, has enabled the company to remain competitive, and at the same time produce net margins at the trading level—after depreciation and interest—up from 2.6 per cent to 4.1 per cent, he says.

Sales for the 24 weeks to June 18, 1983 were higher at £60.97m against £43.5m, and the chairman says that since the end of the period sales have continued at a satisfactory level.

An increase in the interim dividend from an adjusted 0.283p to 0.75p is partly to reduce disparity. Last year's total was an equivalent 1.33p.

The taxable surplus was arrived at after deduction of depreciation £1.35m (£1.02m), interest £0.62m (£0.51m), but included asset disposal profits of £0.42m (£0.1m).

So far this year the company, a supplier of wallpaper, paint, kitchen and bathroom units, has opened three new stores and closed four smaller ones.

Three more superstores will be opened before the year end, and in addition another 12, totalling 350,000 sq ft, are due to be opened during 1984. The first new superstore catering for the heavier end of the DIY market has just been opened in Plymouth, with a second due to open in March 1984, both will trade under the new name of Bulk DIY.

Midterm earnings per 10p share emerged at 3.9p (adjusted 2.8p) after tax of £1.25m (£42,000).

● comment

Somebody with a bit more money than sense has helped boost property disposal profits at Home Charm and it would be unrealistic to look for a repeat of that in the second half. Even so the group is on course for around £6m pre-tax for 1983. This was always going to be the year when shareholders saw the tangible benefits of the Sankey purchase and they will not be disappointed. Almost by accident that acquisition has taken Home Charm into a new style of DIY retailing. The group ended up with two stores in Plymouth and the sale of one could have been inviting in the competition. Hence Bulk DIY was born aimed at the more enthusiastic home owner and the "moonlighting" end of the professional market. Meantime traditional Texas is holding its gross margins, the net level is well up, on sales rising by around 20 per cent this half year. With a market capitalisation of £53½m it is hard to argue that the shares are cheap at 126p, yet the quality of Home Charm's earnings make it an essential part of any retailing portfolio.

Fleet Holdings better than expected at £9.5m

FOR THE year ended June 30 1983 Fleet Holdings newspaper and magazine group has turned in a marginally better result than that forecast with the July rights issue. Better-than-expected circulation and advertising revenues in the final two weeks have helped produce a group pre-tax profit of £9.53m.

This goes against not less than £9.1m forecast and £2.93m achieved in the previous nine months. The final dividend is the promised 1.5p on the old capital for a net total of 2.25p, compared with 1p for the previous period. Earnings were 14.64p (4.57p) before extraordinary credits and 18.69p (4.06p) after.

The year was one of considerable activity within newspaper and magazine publishing, but it also marked the beginning of the development of other interests, such as films.

At the operating level, before interest, national newspapers (Daily Express, Daily Star, Sunday Express) turned round from a loss of £2.21m to a profit of £2.88m but this result is "still inadequate for the investment and effort." Regional newspapers contributed £406,000 (£307,000), magazine publishing £5.76m (£4.51m) and other activities £1.07m (loss £192,000).

There is an extraordinary credit of £2.44m, which takes into account a £2.64m profit arising from the sale of certain of Morgan-Grampian's titles in the U.S.

● comment

With results fairly much as those forecast during the summer's rights issue it is perhaps too easy to underestimate what Fleet Holdings has achieved since it was cast adrift from Trafalgar. The directors still bemoan the thin margins from national newspapers but in Fleet Street terms the group is not doing bad. Of course the real quality part of Fleet's published earnings is its magazine interests, Morgan-Grampian. The capital profit on the sale of some loss-making U.S. titles gives some idea of the intrinsic worth of that business. And then there is Reuters. Fleet has a holding of over a tenth and the flotation of that highly profitable operation could be worth 120p a share to Fleet alone against a current market price of 126p. Those sort of numbers are not lost on Mr Holmes à Court who has built up a stake of over 4 per cent. As ever his intentions can only be guessed at, though as far as Fleet is concerned its attractions as a bid target are plain for all to see.

DIVIDENDS ANNOUNCED

Assd Leisure ....int	1.6§	Dec 16	1.33*	—	3.33*
Garnar Booth ....int	2.65	Oct 28	2.4	—	6.65
Bowater ....int	3.5	Nov 7	4.25	—	7.75
British Aerospace ....int	3.5	Nov 4	3.25	—	8.45
British Vita ....int	2.9	Nov 11	2.7	—	5.4
Brixton Estate ......int	1.9	Nov 5	1.7	—	4
BTR ....int	6	Nov 25	4.75	—	19
Celtic Haven	0.5	Nov 3	0.5	0.75	0.75
Richard Clay ....int	1.3	Oct 28	1	—	3
Cons Gold Fields ....int	16	Nov 14	16	24.5	24.5
Costain Group ....int	5.5	Oct 24	5	—	12
S. W. Farmer ....int	3.1	Dec 2	3.1	—	9.75
Fashion and General ...	7	Oct 25	7.9	12	14.4
Fleet Holdings	1.5	Nov 3	1	2.25	1¶
Hartons Group‡ ......int	0.28	Oct 21	Nil	—	0.18
Hestair ....int	1.5	Jan 3	1.25	—	3.25
Home Charm ....int	0.75§	Oct 28	0.28*	—	1.33*
I. & J. Hyman ....int	Nil	—	Nil	—	0.1
Imry Property	2.9	—	2.4	4.3	3.6
Lon Merchant Secs	1.05	Nov 5	0.87	1.55	1.3
Marchwiel ....int	3	Oct 28	2.7	—	7.5
Bernard Matthews ...int	2.5	Oct 28	2.2	—	5.25
Thomas Tilling ......int	Nil	—	3.5	—	8
Trade Indemnity ...int	2.37	Nov 7	2.37	—	7.14
Willis Faber ....int	6	Nov 4	5	—	17.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Increase is partly to reduce disparity. ¶ For nine months.

Willis Faber advances £6m and lifts interim 1p

FOR THE opening half of 1983 Willis Faber, insurance broker, returned profits of £23.17m at the pre-tax level, an improvement of £8.16m over the results for the same period last year, and the interim dividend is being stepped up by 1p to 6p net.

The directors say the results followed a similar pattern to last year with a substantial increase in profits coming from the group's international broking

Income for the half year totalled £49.53m (£38.15m) before expenses of £30.91m (£25.89m).

Taxable profits included a £4.56m (£4.22m) share of associates results—the comparable figure also took in a £538,000 profit of insurance companies.

Tax charge rose from £8.24m to £11.9m to leave net profits well ahead at £11.26m, compared with £8.77m.

Earnings emerged at 26.98p (21.22p) per 25p share.

● comment

Revenues growth continues to be extremely strong at Willis Faber, at around 30 per cent in the first half, and profits gains have more than matched this by climbing some 36 per cent. Even allowing for the seasonal weakness which is normal in the second half, the full year's profits should move above £40m. Much depends, however, on whether the dollar can maintain its strength—on an underlying basis brokerage growth was more like 15 per cent, adjusting for currency gains and acquisitions. Even on a volume basis, however, the strength of the reinsurance business is encouraging, and this trend should be helped by the recovery in the U.S. economy. At 548p the shares managed to move slightly against the London market trend yesterday, and are solidly placed with a prospective p/e of probably around 11.

Trade Indemnity

Trade Indemnity, which writes credit insurance business both in the UK and overseas, is holding its interim dividend at 2.365p net for the six months to end-June 1983.

The report shows that premiums written on the three open underwriting accounts for the period totalled £20.87m, an increase of 20.2 per cent on the comparable figure for the first half of 1982.

The 1981 underwriting account at end-June 1983, after making provision for all known claims, showed a debt balance of £88,455. This compares with a credit balance of £799,048 on the 1980 underwriting account at the same stage a year earlier.

The 1982 underwriting account at June 30 1983 showed a credit balance of £1.51m after making provision for all known claims. The credit balance on the 1981 underwriting account at the same stage a year earlier was £304,118. Both balances exclude the underwriting contingency reserve, which stood at £2m at the end of last year.

Hestair's profit up to £1.3m halftime

ENCOURAGING progress within the consumer products and office service divisions has been the main reason for an increase from £916,000 to £1.31m in the half year profit of Hestair. Although there are some signs that economic confidence is not continuing to build, the directors are optimistic that progress can be maintained in the second half.

Results of Duple International, the coach and bus body maker, are not included in the figures. The company is in the throes of an extentive reorganisation, and once this is completed the directors are confident Duple will be profitable again. Savings in excess of £1m have been identified and action taken.

In the half year, to July 31 1983, turnover rose from £32.72m to £36.05m. Consumer products produced record profits, while SOS Bureau has quadrupled its profit before interest. Within the vehicle sector Hestair Eagle has continued its spectacular advance, but Dennis has again had considerable difficulty increasing its output despite healthy order books. Farm equipment is still a difficult market.

After tax £155,000 (£98,000) the net profit came to £1.16m (£818,000), and earnings were 6.1p (4.5p) per share. A "substantial provision" has been created to cover the anticipated costs of the Duple reorganisation.

The interim dividend is lifted from 1.25p to 1.5p net. The 1982 final was 2p when profit before tax reached £2.16m.

● comment

Hestair seems to have specialised in making a go of business sectors where numerous competitors have sunk without trace, from toys to commercial vehicles. Management appears to be proving its worth in most cases, with Kiddicraft toys still on track for £¼m or more this year and the employment bureau profits up four times on last year. The problem is that even Hestair's management can do very little about the effect of government regulations which have required hundreds of design changes in Hestair Dennis's product range, or indeed the shrunken capacity of the UK engineering industry which is presently causing serious difficulties for this subsidiary on its subcontracted work. Hestair Dennis is running only just ahead of its 1982 trading level and could finish the year marginally lower. The reorganisation of the newly acquired Duple business is already under way, with costs of up to £3m to be written off against a special provision well away from the income statement. But other non-engineering acquisitions might yet do more for the shares, which last night closed down 3p at 66p where they carry a prospective yield of around 8.5 per cent after yesterday's 20 per cent increase in the interim dividend.

BTR makes progress but Tilling hit by U.S. losses

A NEAR £10m increase has been shown by BTR in interim pre-tax profits which rose from £48.7m to £58.3m for the first half of 1983. However, results announced for Thomas Tilling —which became a subsidiary on June 8 — show a dive into pretax losses of £1.4m for the six months to the end of June following a £30m inventory write-down in the U.S.

The net interim dividend at BTR has been lifted from 4.75p to 6p, and a one-for-two scrip issue is proposed.

The net interim dividend at Thomas Tilling has been passed, against payment of 3.5p last time.

The directors of BTR say that Tilling companies in general performance continued into 1983, making considerable progress against the previous year—with the important exception, however, of the energy equipment operations in the U.S.

In that area substantial operating losses of £33.9m (profits £9.8m) were suffered, through the effect of falls in prices for pipe—and group operating profits of £14.6m against £43.4m were arrived at after writing down inventories by £30m.

The write-down arose from a review by the new management of a deterioration in market prices for pipe.

The directors of BTR say that a cost containment programme is being vigorously pursued while a "best strategy" is determined. Companies in other sectors continue to progress well.

At BTR, which is engaged in energy, engineering, plastics and materials handling, sales slipped from £379.7m to £348.2m.

The directors say that the growth which sustained the 1982 performance continued into 1983. An earnings gain of 20 per cent is attributable in part to financing and exchange benefits, and is also due to cost reduction, product innovation and realistic marketing while demand remained "unexciting."

If the consumer boom of the past year were to lead into a revival of broader based dimension, then current anticipations should be "far exceeded."

For the half year under review at Thomas Tilling, sales expanded from £1.09bn to £1.14bn. Pre-tax results were struck after other income ahead from £1.2m to £9.4m, and higher finance costs of £25.4m (£23.8m).

After tax of £13.1m (£6.8m) and minorities, the attributable level saw a deficit of £14.8m compared with a surplus last time of £14m.

Substantial increases in trade sectors apart from energy equipment in the U.S. were extinguished by losses incurred after the write-down, say the directors. However, they say the weakness in that market may be abating and action has been taken to rebalance resources to present levels of demand.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—AMEC, Air Call, Burmah Oil, Cotubread Robey, Carlton Industries, Danish Bacon, Eagle Star, Expamet International, J. Hewitt (Fenton), JSD Computer International, Jones and Shipman, Legal and General, London United Investments, Oriflame International, Stag Furniture, Systems Designers International, Television Services International, Woolworth.

Finals—Robert M. Douglas, F. & C Eurotrust, Fletcher Challenge, George H. Scholes, Staffordshire Potteries.

FUTURE DATES

Interims:—

Arncliffe	Sept 27
Biddle	Sept 27
Bowthorpe	Oct 11
Bridgewater Estates	Sept 29
Fisons	Sept 19
Hall Engineering	Sept 23
Lond. and Scot. M. Oil (OPS)	Sept 23
Mackay (Hugh)	Sept 21
Planet Group	Sept 26
Southampton, I. of Wight and South of England Royal Mail Steam Packet	Sept 30
Steetley	Sept 22

Finals:—

Blue Bird Confectionery	Sept 19
Elders IXL	Sept 20
Industrial Finance Investment	Sept 20
Mucklow (A. & J.)	Sept 22
United Real Property Trust	Sept 20
Worthington (A. J.)	Sept 19

Costain lifts interim payout

HALF YEAR pre-tax profits of the Costain Group, engaged in construction and development activities, are given as £16.25m, against a restated £22.36m adjusted to the tune of £8.21m relating to an exceptional credit in Costain Australia.

Results for the comparable period have been restated to show exceptional items on a basis consistent with that in the audited accounts for 1982.

Turnover for the six months to June 30 1983 was £1m higher at £314m and trading profits rose from £19.2m to £20.79m. Interest took £4.54m against £5.05m leaving profits up at £16.25m compared with £14.15m before the exceptional credit.

The interim dividend has been increased 10 per cent to 5.5p and the directors expect to recommend a final not less than last year's 7p. Profits last year totalled £40.42m, including exceptional credits of £2.82m and at least maintenance of this is forecast for the current year.

Improved results from housing in the UK were achieved, and the directors expect an approximate doubling of last year's sales of 404 units. A return to profits was experienced by the Canadian associate company, and the Australian subsidiary also improved. There was a good performance in mining and contracting.

After tax of £4.06m (£3.54m), minorities £1.61m (£4.44m), and extraordinary items £1.14m (nil) the attributable surplus was £11.72m (£14.39m).

● comment

Costain is forging ahead with housing sales in the UK. The target of a 50 per cent increase on last year suggested at the AGM has now been increased to nearer double last year's 440 sales. The company says it has the demand and capacity to increase market share, a strategy it needs to fulfil to make up for dull trading elsewhere in the business. U.S. Mining has been the bright spot in Costain's non-construction activities overseas with Pyro more than compensating for lower coal prices with higher productivity. Australia Mining has been a disappointment and Costain plans to persevere but with lower expectations. It is just back into profit but no interim dividend has been paid to the UK parent. Canada has been turned round helped by lower interest rates and considerable land and asset sales. Process engineering is dull as is Costain's dredging operations with only five out of nine working. The slowdown in Middle East business will contribute to a higher tax charge of around 25 per cent up from 16 per cent. The share price closed down 2p yesterday at 226p for a prospective yield of 8 per cent which may seem generous for the sector. But with pre-tax profits of around £43m expected for the full year the price reflects the profits plateau on which Costain appears to be stuck.

Upsurge for Richard Clay

REPORTING an advance of £242,000 to £521,000 in first half profit, the directors of Richard Clay say it seems reasonable that the outcome for the full year will show "continued recovery."

At the start of the second half orders of this book printing and binding group were "substantially stronger" than for some time, and this trend continues.

For the half year ended July 1 1983 turnover came to £9.07m (£10.69m), excluding work done internally, from which an operating profit of £722,000, against £400,000 was earned. This is subject to interest £81,000 (£68,000), redundancy costs £120,000 (£119,000) and last year a credit release from discount on acquisition £66,000.

After tax £260,000 (£135,000) earnings are shown at 2.89p (1.58p). The interim dividend is lifted to 1.3p (1p)—in 1982 the company paid a total of 3p from profits of £971,000, against 1p from losses of £954,000 previously.

● comment

Richard Clay has come in with some good results thanks to an increased throughput on the slimmed down overhead base in the second quarter of the year. If the present buoyant level demand in the paperback printing industry continues into the second-half profit margins might be widened as publishers fight for the limited spare capacity in the run up to Christmas. Interest charges are up, reflecting the cost of the Fakenham closure, but these should be reduced in the near future. Both indirect and direct exports have increased by the current exchange rate level and this should continue. Though Robert Maxwell's BPCC no longer holds a 5.8 per cent stake, the company remains slightly nervous and is fairly cautious in its predictions for the future. Still for the year pre-tax profits could be around the £1.5m mark. The shares closed 6p up yesterday at 88p giving a prospective p/e ratio of 11 fully taxed.

Garnar Booth increase

WITH A sharp increase from £24,000 to £934,000 in pre-tax profits by Garnar Booth for the half year to the end of July 1983, the directors report that prospects for the group are "encouraging." They say that satisfactory trading conditions continue into the second half.

The net interim dividend has been lifted from 2.4p to 2.65p. Basic earnings per 25p share are shown as rising sharply from 0.3p to 9.3p—fully diluted they are given as ahead from 0.5p to 9p.

Sales of this tanner and leather manufacturer increased from £29.09m to £31.56m.

In the last full year a final dividend of 4.25p was paid from pre-tax profits of £1.12m on sales of £59.36m.

The good progress shown in the first half under review is due not only to an improvement in world trading conditions, say the directors, but also to the benefits from the group's strategy of selective acquisitions and rationalisation in the UK tanning industry.

During the period there was a steady increase in demand for shoes, leatherware, upholstery, leathergoods, bookbinding, and also chamois for cleaning purposes.

At the trading level profits increased from £1.29m to £2.21m. Tax this time took £277,000, and extraordinary debits absorbed less at £33,000 compared with £91,000. At the attributable level a surplus of £624,000 was returned this time against a previous deficit of £67,000.

Yearlings

The interest rate for this week's issue of local authority bonds is 10¼ per cent, down 1/16 of a percentage point from last wek . It is down ¾ compared with a year ago. The bonds are issued at par and are redeemable on September 19 1984.

A full list of issues will be published in tomorrow's edition.

LADBROKE INDEX
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UK COMPANY NEWS

BIDS AND DEALS

N. Goldsmiths £2.2m expansion

BY CHARLES BATCHELOR

Northern Goldsmiths, the retail jeweller and bookmaking chain acquired earlier this year by Anthony Gover, the motor insurance broker, has agreed to buy the privately-owned Brighton jewellers chain, William Wright, for about £2.2m in shares.

This represents the first important acquisition by Northern Goldsmiths since the Gover take-over although it agreed to acquire Sidney Napper, a Slough-based bookmakers chain for £325,000 in July.

At the time of the £3.8m takeover of Northern Goldsmiths, Gover said it planned further acquisitions.

The Wrights chain numbers 12 shops in Wales and Southern England stretching from Llandudno to Brighton and it takes the total Northern Goldsmiths jewellery chain to 36.

Wrights made a pre-tax loss of £190,705 on turnover of £1.54m in the year ended January 1 1983 after charging head office expenses of £255,408.

Wrights has net tangible assets including freehold and long leasehold properties with an estimated current market value of £2.5m.

The price to be paid will be based on the asset value of the business at September 9 1983 less any dilapidation due on the property and redundancy costs incurred as a result of the closure of Wrights head office.

About 20 of the 120 employees of Wrights have been laid off and the head office is being sold.

Mr Anthony Gover, Northern Goldsmiths chairman, said the purchase was essentially a property deal in view of the freeholds being acquired.

Wrights had been profitable until the past year or so but the younger members of the owning family had no wish to maintain the business which had moved into a loss, he added.

Northern Goldsmiths plans to upgrade a number of the jewellers shops though it may not be able to take full advantage of the pre-Christmas season.

Its shares rose 3p yesterday to a new 1983 high of 205p.

BREETS STAMPING

The offer by J. and H. B. Jackson for all the issued preference shares of Breets Stamping has been accepted in respect of 16,936 shares (84.7 per cent). The acceptance date has been extended to 3 pm on September 30.

HELENE OF LONDON

An EGM of Helene of London was held yesterday to pass resolutions to acquire JDK and to empower the directors to allot new shares in accordance with terms of a recently announced rights issue.

Accordingly, Helene has now completed the purchase of JDK. Dealings in the new ordinary shares, nil paid, will start today.

SOLEX (UK)

Solex (UK), the British operation of the Solex group, which manufactures carburetters, has acquired a controlling interest in the Landi Hartog group, a Dutch-based market leader in liquid petroleum gas systems.

The technical knowledge of Solex in fuel engineering will be allied to the experience of Landi Hartog in LPG, in European and world markets.

Bambers share dealings halted as losses mount

THE SHARES in Bambers Stores, the clothing retailers, were suspended yesterday after the company revealed that losses for the first half of the current year would be greater than anticipated.

Bambers also informed Mellins, the textile company, which holds a 6.2 per cent stake in Bambers, that there will also have to be an unspecified provision for stock writedowns.

The suspension came after Bambers shares had fallen 6p to 12p, leaving the company capitalised at £4,312,800.

It was also announced that Mr Louis Vernon, the former chairman, and Mr P. H. Vernon, the former commercial director, of Bambers, have renegotiated their agreement with Mellins. Mellins will be repaid not less than £167,921, which is equivalent to 7½p per share.

In August it was announced that Mellins had acquired 2.24m ordinary shares in Bambers at a price of 15p per share.

For the year ended January Bambers made loses of £3.5m on turnover of £37m. The companies' net worth was reduced from £20.5m to £15m.

At yesterday's close Mellins shares were 20p down at 110p.

ANTONY GIBBS

Antony Gibbs and Sons has, in connection with its offers on behalf of Gibbs Insurance Holdings to acquire Hartley Cooper Holdings, received acceptances for 1.69m ordinary (93.57 per cent).

An EGM of Hartley Cooper on September 12, 1983 passed resolutions to effect the proposed capital reorganisation of Hartley Cooper. Subsequently 1.8m new ordinary 50p shares, fully paid, were allotted and the capital reorganisation took effect.

The offers for Hartley Cooper have become fully unconditional and will remain open for acceptance until further notice. Gibbs Insurance Holdings intends to acquire compulsorily any shares for which acceptances are not received.

WATER MANAGEMENT

Water Management of Telford, formerly a member of the W. Canning Environmental Services group, has been acquired by Purac AB, of Sweden.

A new and wholly-owned UK-registered subsidiary has been formed under the name of Water Management-Purac. The new company will operate in the same fields of water treatment, although its activities will be extending

Purac AB is part of ABV, the Swedish construction and engineering group, and is the leading water and sewage treatment plant supplier in Scandinavia

There has been a long association between Purac and Water Management, which operated as the exclusive licensee for the Swedish company's patented "Flofilter" system.

Recovery in UK lifts Brit. Vita halfway

PROFITS before tax of British Vita improved from £3.38m to £5.03m in the first half of 1983.

The result was struck after associated company profits of £1.57m against £1.41m and deduction of interest of £508,000 compared with £632,000. Turnover for the period was up from £49.38m to £54.53m.

Profits from the UK and Europe rose from £268,000 to £2.39m, with most of the increase attributable to UK operations, while profits from international companies declined to £2.64m against £3.11m.

Prospects for the second six months give cause of some optimism as consumer demand and the recovery in the group's UK operations appear to be continuing, say the directors.

However, they say, much yet depends on interest rate movements and the exchange rate of the pound, particularly as regards the other European countries.

A higher interim payment of 2.9p (2.7p) is declared, with earnings for the period up from 5.4p to 11p. The attributable balance came out at £2.82m against £1.46m after tax £1.99m (£1.85m), minorities £53,000 (£62,000), and an extraordinary debit this time of £177,000.

● **comment**

Improved volume in its UK businesses has been the key to British Vita's first half improvement, after a year when heavy bad debts (particularly in the furniture trade) and slack demand had left the company almost entirely dependent on its overseas earnings. Consumer demand has impacted directly on the profits to be gained from pillows and duvets, less immediately on foam produced for the furniture manufacturers or on automotive upholstery. But the increase in offtake overall has been sufficient to produce a ten-fold increase in UK profits. This more than outweighs the falling away overseas (partly a function of currency) and allows a fairly relaxed view to be taken of blocked profits in Zambia and, at present, Nigeria. The modest dividend rise if repeated at the year-end would suggest a yield of 4.4 per cent at yesterday's price of 192p, up 5p, while sustained UK demand might see pre-tax profits past £10m for a prospective p/e on a 40 per cent charge of around nine times net earnings.

I. & J. Hyman

A combination of benefits arising from I. and J. Hyman's UK rationalisation programme and a modest upturn in demand for the group's foam products, coupled with increased contributions from its diversified activities led to a recovery in first-half profits for 1983 from £17,976 to £539,214.

Earnings per 5p share are given as rising to 2.48p (0.18p), but the interim dividend is again being missed. The directors say a final distribution will be recommended in light of the full year results. For 1982 a single payout of 0.1p net was made on pre-tax losses of £424,196.

Turnover advanced from £11.28m to £13.65m while taxable profits were struck after lower interest charges of £351,164 (£383,464) reflecting a reduced level of borrowings, and related company losses of £18,592 (profits £9,533).

Tax took £25,384 (£4,937) and there were minority credits of £2,393 (£25,665) and extraordinary debits of £391,550 (nil).

MINING NEWS

Recovery for Gold Fields in second half

BY GEORGE MILLING-STANLEY

A SHARP RECOVERY in the second half of the year to June 30 gave Consolidated Gold Fields pre-tax profits for the year of £89.7m, towards the top of the share market's range of expectations.

This enabled the group to maintain the final dividend at 16p, making an unchanged total of 24.5p, better than many people had hoped.

There was, however, a note of warning from Mr Rudolph Agnew, chairman. He indicated that the group would like to see its dividend twice covered by earnings, on average over the current cycle.

After last year's figure of 1.2 times, and 1981-82 1.6, earnings will clearly have to rise substantially before shareholders can look for an increased payment.

	Percentage increase/ Decrease £m 1983	1982
Share of GESA	51.2	38.0
Div from direct holdings in gold mines	25.1	18.0
Share of Newmont	8.7	7.3
Share of Renison	3.3	(3.0)
Other mining operatn's	6.8	9.2
Aggregates and related products	46.5	35.2
Manufacturing and commercial	(13.5)	5.1
Realisation of invests other income (net of charges)	9.9	22.4
Operating profit	138.0	130.2
Exploration expenditure	13.6	13.8
and tax	124.4	115.4
Net interest charge	34.7	19.6
PROFIT BEFORE TAX	89.7	96.8
Tax	32.5	23.3
Profit after tax	57.2	73.5
Minority interests	0.2	0.6
Attributable	57.0	72.9
Extraordinary provision	87.0	—
Dividends (including final)	45.8	45.8
Retained	(75.8)	27.1
ATTRIBUTABLE	57.0	72.9
Extraordinary provision	87.0	—
Dividends (including final)	45.8	45.8
Retained	(75.8)	27.1
EARNINGS PER SHARE	30.5p	39.0p
DIVIDENDS PER SHARE	24.6p	24.5p

The picture could of course change if there is a dramatic improvement in the gold price, but Mr Agnew said that Gold Fields is not expecting much excitement in the price over the next few years.

Profits before interest and tax were actually higher than in the previous year, at £124.4m against £116.4m.

The main reasons for this were a rise of 41 per cent in the contribution from the South African gold interets, a 32 per cent improvement in the performance of the aggregates and related products business of Amey Roadstone, a return to profit at the 49 per cent-owned Renison Goldfields Consolidated and gains on realisation of investments up almost 2½ times.

The principal factors offsetting these advantages were a decline to a loss of £15m by the manufacturing activities in the U.S., the absence of foreign exchange profits which contributed £23m in the preceding 12 months, an increase of £15.1m in the net interest charge owing to the absence this time of the £15m earned as interest on funds on deposit last time, and a rise of £9.2m in the tax charge.

This last was largely due to the fact that the previous year's charge was reduced by £12m arising from changes to the deferred tax provision.

These differences left net profits £15.9m lower at £57. Earnings came out at 30.5p per share, down from 39p last time.

In addition, there was an extraordinary provision of £87m against the losses anticipated on discontinuing the investment in the U.S. drilling rig operation *Skytop Brewster*, which Gold Fields has taken below the line.

Mr Agnew said that this provision, made last November, still looked to be about the right size. Negotiations are under way over the sale of part of the business to Ingersoll-Rand of the U.S.

The London share market seemed encouraged by the results. The shares opened at around the 600p level, jumped to 610p on the announcement, and moved further ahead to close at 614p.

See Lex

African diamond mine for RTZ

THE SOUTH AFRICAN arm of London's Rio Tinto-Zinc group has opened a small-scale project to evaluate the economic potential of a newly discovered diamondiferous gravel in the tribal homeland of Bophutatswana, west of Johannesburg.

Rio Tinto South Africa, a wholly-owned subsidiary of RTZ, has been granted a lease covering 2,300 hectares, of which 760 hectares is alluvial gravel in the Molopo River, about 15 kilometres from the town of Mafikeng.

Mr Al Leroy, the South African company's managing director, estimates that this gravel amounts to about 20m tonnes of diamond-bearing material, reports Jim Jones in Johannesburg.

Mr Leroy was not prepared to be drawn on the potential yield of the area, beyond saying that the preliminary indications were that the material is low-grade, but contains high-quality gem diamonds.

The company has so far spent about R5m (£3m) on the project, which will treat around 400,000 tonnes of gravel a year. This is small in comparison with the other big diamond mines in South Africa operated by De Beers Consolidated Mines. That group's Finsch mine, for example, treated 4.2m tonnes of rock last year.

The project may be expanded after the evaluation process, expected to take about a year, is complete, but Mr Leroy said that the operation's economic viability does not depend on this. Negotiations for marketing the diamonds are under way.

Diamonds were first discovered in the area in 1901, and there was considerable exploration work done in the 1920s, when the largest gem so far discovered there, of 110 carats, was found. RTZ became involved in 1981.

Tin output remains low

THE LATEST output figures from Malaysia's tin producers continue to reflect the effects of the controls imposed under the sixth International Tin Agreement.

Tin concentrate output for the month of August by Malaysia Mining Corporation (MMC) and its subsidiaries fell slightly to 508 tonnes from 513 tonnes in July. MMC is controlled by Pernas Charter Management.

Other companies controlled by Pernas Charter showed a small rise to 1,219 tonnes, against 1,103 tonnes in July. Large increases were reported by Ayer Hitam, up from 79 tonnes to 149 tonnes, and Aokam Thai, with 138 tonnes against 67 tonnes.

These big rises were however largely offset by lower totals from the other producers.

All of the dredges reported closed during July remained shut last month, and in addition, three other dredges were affected by closures for part of the month.

The latest output figures are compared in the following table.

	Aug tonnes	July tonnes	June tonnes
Aokam	138	67	81
Ayer Hitam	149	79	100
Berjuntai	168	181	199
MMC	508	513	477
Sungei Besi	40	52	64
Tongkah Harb.	48	35	40
Tronoh	57	36	62

Prieska moves nearer closure

THE RECENT upturn in copper and zinc prices seems unlikely to save the Anglovaal group's Prieska copper mine in South Africa's northwest Cape region.

Mr Tom Swemmer, chairman, confirmed that the mine remains likely to close in the second half of 1985.

In the year to June 30, Prieska milled 2.96m tonnes of ore to produce 94,774 tonnes of copper concentrates, 158,514 tonnes of zinc concentrates and 100,626 tonnes of pyrite concentrates.

Sales revenue was unchanged at R78.7m, and pre-interest operating profits rose to R10.2m from R1.9m.

UK COMPANY NEWS

Bowater falls but better trend seen

ALTHOUGH first-half pre-tax profits of the Bowater Corporation fell by £17.7m to £24.6m compared with the same period last year better trends in the North American pulp and paper cycle and other parts of the group are expected to contribute to improved overall results in the second six months and continue through 1984.

The net interim dividend is being cut by 0.75p per £1 share but in their interim report the directors say they expect to recommend dividends totalling 7.75p for the full year, to end-December 1983, the same rate as paid for the previous year.

Sales of the group were little changed at £780m (£775m) for the six months but at the trading level profits plunged from £59.6m to £42.4m.

The directors point out that the benefits from the reorganisations in recent years produced a substantial improvement in the UK operations results and that this trend has continued into the second half.

The North American operations were again affected by weak markets for newsprint and pulp which touched bottom in the first quarter. However, they say the group is now firmly on the recovery curve in the North American pulp and paper cycle and that the recently-improving profit trends in the whole group are expected to continue through the second half.

A geographical analysis of trading profits shows: North America £23.3m (£50.3m), UK, Europe £15.8m (£57.7m) and Australia and Far East £5.6m (£6m). Divisionally, they broke down as to: paper and pulp £20m (£45.8m), packaging and paper conversion £3.4m (£4.1m), tissue products £12.9m (£7.9m), building products £2m (£0.3m loss), and merchanting, freight and other services £6.4m (£4.5m). Central costs accounted for £2.3m (£2.4m).

Tax for the half year took £7.3m (£17.2m) and minorities £7.9m (£6.5m). An exceptionally low overseas tax charge for the full year will additionally benefit profits at the attributable level.

Both market pulp and coated paper operations ran full during the six months. However, prices were substantially below last year. The markets for each are expected to gain strength as the year progresses with coated paper showing a much stronger improvement than pulp.

The directors say that the programme of continuous capital investment in American mills to keep efficiency at the highest levels is being maintained. They add that the domestic newsprint price in the U.S. has returned to the level which prevailed a year ago and this will benefit Bowater's results in the second half.

Group pre-tax profits for the 1982 year dropped from 1981's £106.7m to £72.5m with severe overcapacity and lower prices for pulp being blamed.

See Lex

Scottish Ice Rink slips to £30,026

Lower pre-tax profits of £30,026 against £38,059 have been produced by Scottish Ice Rink Co. (1928) for the six months to the end of March 1983. Turnover of this Glasgow-based close company, which provides skating, curling and leisure facilities, expanded from £162,557 to £176,151.

The rebuilding, refurbishment and replacement of plant during the last 18 months is almost complete, the directors say. These changes mean that the company will no longer have to depend on revenues from ice sports which causes trading to be restricted to eight months of the year.

The full results of these changes will be reflected in the accounts to September 30 1984.

At the trading level profits fell sharply from £24,709 to £16,531, with investment and rental income little changed at £13,495 compared with £13,350.

There is again no tax and earnings per share are shown at 44.4829p (56.3637p).

Chambers & Fargus

For the 53 weeks ended July 2, 1983 pre-tax profits of Chambers & Fargus dropped by £199,000 to £102,000 compared with the previous year with the second six months' contribution down from last time's £178,000 to £22,000.

Earnings for the 53 weeks fell to 2.56p (4.77p) per 5p share and a reduced final dividend of 0.75p (1.25p) leaves the net total 1p lower at 0.75p—the interim was omitted.

Turnover for the period improved to £10.31m (£9.2m)—the group is a seed crusher, edible oil refiner and processor.

Sharna Ware ahead

Reflecting a contribution from the new cash and carry at Birkenhead, turnover and profits of Sharna Ware have shown increases in the first half of 1983. The group is engaged in the manufacture of plastic products, and cash and carry merchanting.

Turnover in the period was up from £5.59m to £8.63m and profit from £40,000 to £71,000. With tax taking £37,000 (£21,000) the net profit is £34,000, against £19,000 last time before an extraordinary debit of £69,000. The interim dividend is held at 0.5p.

Since June 30 the group as a whole has operated in accordance with budget.

Second Alliance

Gross revenue of the Second Alliance Trust rose from £3.4m to £3.97m in the year to July 31, 1983.

The final dividend is lifted from 7.35p to 8p making 10.75p against 9.6p for the year. Earnings per 25p share are given as 11.01p (9.8p) with net revenue at £2.11m (£1.88m).

Net asset value per share, before prior charges at par, is given as 550.3p (351.4p).

Abbey Panels

further decline in pre-tax profits was experienced by Abbey Panels Investments in the six months to March 31, 1983.

Sales fell from £4.79m to £3.73m and profits decreased by £173,000 to £124,000. The dividend is again passed, the last payment being a 0.75p final in 1982.

Mr E. Loades, chairman, says that the trading position and results remain very unsatisfactory, and he holds no optimism for the near future.

The company is engaged in project design and manufacture of major assemblies for space, aerospace, defence and nuclear engineering.

There was a deficit of £27,000 (profit £88,000) after tax of £151,000 (£228,000).

Brixton Estate

Investment profit before tax of Brixton Estate, engaged in property development and investment, increased from £3.32m to £3.73m during the six months to June 30, 1983.

Net rental income was up at £7.25m against £6.43m with other income adding £13,000 compared with £11,000. The taxable result was struck after a debit for interest on developed properties of £2.66m (£2.3m) and administration costs £567,000 (£513,000).

The interim dividend is raised from 1.7p to 1.9p per 25p share. Last year's total payout was 4p with a final of 2.3p.

Overall, say the directors, there has been some improvement in the letting market but this, however, has been confined to buildings of the highest quality. Looking to the future they say much now depends on further recovery in the world economy and, in particular, in the level of commercial and industrial activity in the UK.

Associated Leisure at £3.7m

FOR THE 26 weeks to July 3, 1983 pre-tax profits at Associated Leisure amounted to £3.67m. The directors point out that these results are not comparable with the 26 weeks to September 12 1982, when pre-tax profits came to £3.96m, which included the bulk of buoyant summer season trading for that year.

The directors go on to say that the pre-tax result for the period under review represents an increase of 24 per cent over that indicated by management accounts for the equivalent period in the previous year.

The net interim dividend has been lifted from the equivalent of 1.33p, on capital increased by a one-for-two scrip, to 1.6p, partly, the directors say, to reduce disparity. Earnings per 5p share are shown as 4.24p against 4.54p.

On future prospects, the directors say that cash flow continues to be healthy and seasonal cash balances are ahead of budget. They consider that the outlook for trading in the second half is satisfactory. In the 42 weeks to January 3 1983, pre-tax profits came to £5.52m from which an adjusted dividend total of 3.33p was paid.

Turnover for the 26 weeks amounted to £30.48m (£30.21m).

All group activities contributed to the improved profit. In the amusement machine division, profit has, as anticipated, been harder to earn with the approach of the expected review of stakes and prizes for a-w-p machines. The division has been able to increase its profitability, partly as a result of continuing strict control of costs, but largely due to an improved performance by the sales company.

The coach based holiday business, Smiths Happiways, has carried more passengers than in the equivalent period last year, with better coach utilisation through greater operational efficiencies.

The group's hotels, too, have reported better figures than in the previous year, with higher occupancy and margins.

Hartons upturn—pays interim

PAST CONFIDENCE expressed by Hartons Group directors, regarding prospects, has been borne out with a five-fold increase in half-year taxable profits from £100,000 to £512,000. Turnover for the six months to June 30 1983 was up at £10.58m against £1.52m.

The directors say that reorganisation of the group is now complete and a base for expansion and continued progress has been established. They are confident of further improvement in the second half and, following an interim dividend of 0.28p, will be in a position to recommend a final in excess of the current payment.

Profits for the year to December 31 1982 were £267,000 on turnover of £4.9m, and a single dividend of 0.175p was paid.

The group, quoted on the USM, has interests in plastics, engineering and property. Visijar Tuckers, the distribution subsidiary significantly increased its contribution, and plans for expansion have been laid down, say the directors.

Progress at Sumner Products also continued with a rise in both sales and profits over the corresponding period. Further development of the existing nursery and electrical products ranges and the introduction of new products makes the directors very optimistic about its growth prospects.

There were no major changes in Hartons Estates property portfolio. However, rent reviews for the majority of properties in January 1984 will provide added contribution to the group's future profits.

There was a tax charge of £155,000 this time leaving net profits of £357,000 (£100,000). Minorities took £1,000 (same) and earnings for the period under review were 1.66p (0.46p). Last time extraordinary items absorbed £163,000, which left an attributable deficit of £64,000.

Bernard Matthews puts on £1m helped by new range

FOR THE 28 weeks ended July 17 1983 Bernard Matthews has pushed up its profit by £1m to £2.82m. Sales rose £8m to £36.45m and the great majority of the growth was again achieved within the turkey meat products division, with the continuing success of the new range of products.

Mr Bernard Matthews, chairman, says in the whole bird division, through increasing consumer demand, the self-basting golden Norfolk turkey has achieved a very substantial increase in market share. The consequent reduction in demand for some competitors' products has, however, depressed turkey prices overall.

Fire damage incurred earlier this year at the Great Witchingham factory is now fully repaired and substantial insurance has been received but it will be some time yet before the claim is settled. One of the effects of the fire was to delay the introduction of some new product lines and until recently the distribution of the new beef roast. However, distribution of this—the first non turkey meat product—is now being extended. The fire has also delayed the opening of the new factory at Halesworth.

After tax £282,000 (£337,000), net profit came to £2.54m (£1.47m), for earnings of 15.89p (9.21p). The interim dividend is raised from 2.2p to 2.5p net but this should not be interpreted as an indicator of the final. In 1982 that was 3.05p and pre-tax profits were £5.71m.

Farmer Group's struggle to stay in profit

MAINLY AS a result of further belt-tightening and a good performance by the service company, the S. W. Farmer Group of structural steelwork and plate-work makers has traded profitably in the first half of the year, making £255,000 pre-tax against £457,000. There was no real change in trading conditions, says the chairman Mr Brian Farmer.

Since the end of the period there has been an improvement in the quantum of orders received. But, he stresses, price levels are still uneconomic and there have been no signs of better margins.

Capital expenditure in the public and private sectors has to increase before the company has any chance of making further progress.

"Trading ethics are at a low ebb and considerable improvement is long overdue. We have great abilities within the group which require an improved market in order to prosper," the chairman tells members.

Turnover for the period fell to £8.5m (£12.84m). After tax of £112,000 (£220,000) the net profit came to £143,000 (£237,000). There were extra-ordinary debits of £58,000 (credit £34,000) appertaining to works closure. Earnings are shown at 5.66p (8.71p) on a normal tax charge, and at 3.37p (10.73p) after the extraordinary items. The interim dividend is maintained at 3.1p net per share.

Associated Paper cash call and acquisitions

A ONE-FOR-FOUR rights issue raising £2.87m before expenses is being launched by Associated Paper Industries. Along with news of the cash call priced at 80p a share AP announced an agreed takeover of Airpel Filtration and Airpel Hydraulics for £736,246.

Further, the directors are forecasting that profits for the year to October 1 will be similar to last year's £2.269m despite the shortfall of the first six months when profits declined from £1.26m to £905,000. They are also forecasting a 3p final dividend making a total for the year of 4.2p, an increase of 10.5 per cent.

Consideration for Airpel is struck after a £250,000 dividend payment to the vendor. The purchase price will include £441,771 in cash with the balance covered by the issue of ordinary shares.

Airpel's profit before tax and management charges for the year to April 30 amounted to £233,000 on sales of £1.97m. Airpel is bringing net assets of £243,000.

The purpose of the underwritten rights issue is to strengthen the capital base following the acquisitions of Diffusion, announced earlier in the year, and Airpel and to finance further capital expenditure. Initially the cash will be used to reduce short-term debt.

Brokers to the issue are Laing and Cruickshank and Henry Cooke Lumsden.

H. J. Baldwin

A total of £30,000 has been received from the Wallersteiner Bankruptcy in respect of amounts owed to H. J. Baldwin by W. K. Wallersteiner. This amount together with the expected property realisation it will result in a substantial increase in liquidity.

In these circumstances, the directors will authorise payment on October 1, 1983 of both of the half year's preference dividends due September 30 and, in addition, that deferred on March 31 this year.

Mr M. J. G. Muir has been appointed executive director responsible for group's property and investment division.

CH Industrials rights

CH Industrials is calling on its shareholders for just over £1m of extra cash to provide further working capital "to meet current expansion."

This diversified industrial holding company with interests ranging from building products to a half share in Aston Martin is asking its shareholders to subscribe for a rights issue of three shares for every eight held.

This summer, chairman Mr Tim Hearley was able to show that CH was on road to recovery with a rise in profits of nearly £0.5m to £721,000 for the year to April 2 1983. The directors are now saying that the current year is expected to show further progress. As a result of the lower level of development activity and the timing of property sales, second half profits will be higher than those of the first.

The directors add that the industrial division and the associate company Tudor Webasto are making good progress and are expected to improve their results for the year.

The issue is underwritten.

H. P. Bulmer

Confidence that HP Bulmer will achieve a worthwhile increase in pre-tax profits this year was expressed by Mr Esmond Bulmer MP, chairman, in his address to members at the AGM.

RESULTS AND ACCOUNTS IN BRIEF

AAH HOLDINGS (solid fuel, builders' supplies)—Results for year ended March 31 1983 reported August 15. Group fixed assets £26.72m (£24.04m); net current assets £20.73m (£17.2m); shareholders' funds £31.15m (£27.94m). Meeting, Cavendish Hotel, SW, October 7, noon.

F. COPSON (heating equipment and builders' merchants)—Results for year to April 30 1983 already known. Shareholders' funds £1.79m (£1.68m); fixed assets £866,371 (£872,850); net current assets £1.16m (£1.1m); increase in net liquid funds £81,104 (decrease £253,588). Meeting: Sutton Coldfield, September 30, 3.00 pm.

J & J DYSON (refractory materials)—Results for year ended March 31 1983 reported August 16. Group fixed assets £5.88m (£6.12m); net current assets £8.93m (£7.33m); shareholders' funds £13.3m (£13.78m). Meeting, Sheffield, September 30, noon.

ELLIS & EVERARD (chemical merchant and processing group)—Results for the year to April 30 1983 reported August 15. Group shareholders' funds £7.21m (£7.38m). Fixed assets £5.22m (£4.19m). Net current assets £5.29m (£4.86). Increase in working capital £663,000 (£583,000 decrease). Return on net assets employed 25.3 per cent (20.5 per cent), net borrowings as a percentage of shareholders' funds 25.8 per cent (13.2 per cent). Meeting, Leicester, October 5, noon.

ML HOLDINGS (engineering)—Results for year ended March 31 1983, reported August 18. Group fixed assets £4.33m (£3.79m); net current assets £7.45m (£7.09m); shareholders' funds £10.23m (£9.59m). Meeting, Chartered Accountants' Hall, EC, October 3, noon.

MINTY (furniture maker)—Results for 26 weeks to July 30 1983: interim dividend 2p (same); pre-tax profits £11,579 (losses £71,554).

RESTMOR GROUP (baby carriage and nursery furniture maker)—Results for year to April 30 1983 reported August 17. Shareholders' funds £9.95m (£9.54m); fixed assets £2.76m (£2.8m); net current assets £2.86m (£2.96m); decrease in net liquid funds £1.04m (increase £880,000). Meeting: Baker Street, W, October 7, 11.30 am.

TECHNOLOGY

EDITED BY ALAN CANE

WHAT ARE PEOPLE DOING WITH HOME COMPUTERS?

The myth of the micro

BY LOUISE KEHOE IN CALIFORNIA

"WHAT CAN a home computer do? What use is to to me?" Such basic consumer questions cut through the hyperbole and rhetoric that surround the home computer industry.

Like the child who shouted "the emperor has no clothes" in Hans Christian Andersen's fairy tale, they reveal a web of pretence. Surely, everybody knows what a home computer does, don't they?

Not according to some of the leading U.S. makers. Answering these basic questions is the biggest challenge facing home computer manufacturers, according to Mr Don Esteridge, president of IBM Entry Systems Division which produces the IBM "pc." As IBM prepares to enter the consumer market with a U.S.$600 to U.S.$700 home computer called Peanut, the computer giant is still trying to work out what its home computers will be used for, he reveals.

Past experience of computer use offers them little help. "Our market research tells us that two-thirds of the (IBM) pcs sold are used for some kind of business application, and two-thirds are located in the home," says Esteridge. IBM knows what businesses do with computers, and personal computers, "but people don't think like businesses, and they don't want to," says Esteridge.

"I like to describe a personal computer as a productivity tool, but when I tell my neighbours that, I get a blank stare. They are quite happy with their typewriter, they have no problems balancing their cheque-books with paper, pen and calculator, and they are quite comforable with shoe-box files.

"We can tell them that computers are fun, that they are creative, that they are an investment in the future." But those answers, Esteridge says, are not enough if the computer "fad" is to endure to become a long-term consumer market.

Home computer users fall into four categories, according to Apple Computer. They are concerned parents who buy computers to give their children a head start in the computer age. They are people with a practical — often job-related — purpose such as writing a book.

Others are "anti-obsoletists" who fear being left behind in the rush of new technology, or they are hobbyists who just like playing with computers.

In the U.S., they will buy a total of 5m units valued at US$2bn. This year, according to Future Computing, a Richardson, Texas, market research firm, the researchers predict that by 1988 annual sales will rise to a staggering 15.8m units worth close to US$6bn. The figures specifically exclude computers that serve dual office/home applications.

> "I like to describe a personal computer as a productivity tool, but when I tell my neighbours that, I get a blank stare"

To live up to those predictions, home computer makers are beginning to recognise that they must discard the pretensions and exaggerations that have surrounded the commercialisation of the home computer.

To extend the use of home computers beyond previously identified consumer groups, manufacturers must find more practical applications for their machines, they are beginning to recognise.

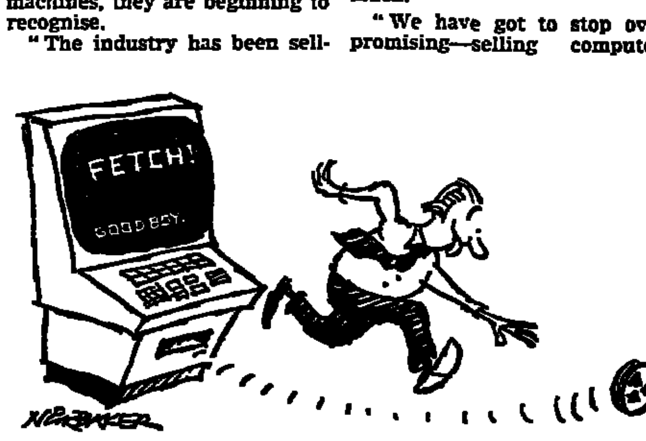
"The industry has been selling the glamour of home computers," says Apple Computer marketing manager Chris Bowman. Advertisements featuring movie stars do not address the real issue of the value of the computer to the consumer, he stresses. "We should be publicising real applications.

"It is hype to tell the world that home computers are 'user friendly.' Saying that 'everyone will soon own a home computer' is not true, and may in fact build up consumer resistance. People do not like to be told what they are going to do.

"If the public's perceptions of home computer applications do not catch up with reality, then the home computer market will falter. The home computer could become the crockpot of the late 1980s—a hype and bust market."

What will a home computer do for the average consumer? Atari president of computer sales Don Kingsborough offers the blunt answer: "not very much."

"We have got to stop over-promising—selling computers with the promise that they will change peoples lives."



Software will eventually provide the answers to what a home computer does, but so far the software does not live up to the promises the industry is making, he believes.

"The industry is scrambling to keep up with its publicity," says Dan Ross, vice-president of Timex Computer Corporation which sells Sinclair-designed home computers in the U.S. "The central issue is that the consumer is confused." He compares the home computers offered today to the first consumer-priced automobile, the Ford Model T.

"The Model T sold because it met a basic need that was evident to the consumer. Can we say the same of the home computer?" he asks. "There is a lack of clarity in this industry, we have not clearly answered a consumer need. We use high technology jargon and we continually discount prices." The net effect is frustration for the consumer, says Mr Ross.

So far, the industry appears to have identified the issues, but not to have come up with satisfactory answers. Some lay the problem of finding real applications for the home computer on the shoulders of software producers. Others believe that if home computers are cheap enough the consumer will work out what to do with them.

"Interest in home computers is self generating," says Myrddin Jones, vice president of marketing for Commodore Business Machines, which has led the decline in home computer prices to become the leading home computer manufacturer in the U.S.

He suggests that the industry should be concerned with making home computers easier to use, offering greater support and training to retailers and consumers, making the machines interactive with other home electronics products such as video disc players and with improving the "playability" of home computers with better graphics.

CASE DEVELOPS LOW COST MAIL

How data is all on the grapevine

BY ALAN CANE

TAKE A well-proven, high technology product which your company knows backwards. Add another of the same, shake or stir and the result will be a new and original product which meets a market need at a cost somewhat below conventional solutions.

At least that is the philosophy followed by Computer and Systems Engineering (Case), a publicly quoted company which is now based in the Watford Business Park North London.

One of the UK's leading tele- and data communications companies, Case last year launched a low cost local area network (method of connecting computers, terminals, printers and files in the office) called Grapevine.

In designing that product, Case combined its skill in sending computer data over telephone lines (modulation/demodulation) with its experience in switching data streams (its data concentrating exchange, DCX, is a market leader here and in the U.S.) to develop an innovative product which has found more than 70 takers in 18 months.

Yesterday, Case unveiled a new product, Beeline, which reveals more of the same thinking. It is an electronic mail system which uses existing terminal devices, be they personal computers, computer terminals or word processors and the existing data networking facilities.

Its design draws on Case's experience in message switching (its message switching exchange is a market leader) and data switching (Beeline makes use of the data concentrating exchange).

Mr Peter Burton, Case managing director said yesterday: "No other supplier has our experience in both message switching and data networking, and none can offer the sort of comprehensive system represented by the combination of DCX, Grapevine and Beeline."

Electronic mail — effectively intelligent telex where messages can be stored and forwarded— is one of the cornerstones of the "electronic office." A recent survey indicated that almost 40 per cent of the bigger companies (turnover of £500m plus a year) had already installed electronic mail against only 14 per cent of the £1m-£5m turnover companies.

Case claims prelaunch orders in excess of £1m and over 18 user months of operational experience from pilot installations including Lloyds of London, NCR, Scandinavian Bank Group and Royal Bank of Canada Systems.

Mr Paul Lawson, communications manager for Royal Bank of Canada Systems which provides consultancy and management services to the Royal Bank of Canada Group, said the system was one third of the way through a three and a half month testing schedule: "We have completed most of the basic testing and we are going to build up live work to around 1500-2000 messages a day. So far, all the signs are good. We are dead on schedule and we are very pleased with the performance of the system."

Mr Lawson, an existing MSX user said the decision to instal Beeline was taken on price/performance.

The system structure is simple. Terminals of whatever type feed messages to the DCX which switches those destined for the electronic delivery to the "post office," the input/output processors and memories of the Beeline system proper.

A minimum configuration costs £36,000. Typical configurations cost between £70,000 and £350,000.

ENCODED CARDS

Fingerprint cards make an impression in Sweden

SWEDISH patents have just been taken out for an idea to put encoded fingerprints on to identification and credit cards. The man behind idea is inventor Bo Löfberg. He has obtained some funding from STU, the country's state board which encourages new developments and has also interested one of Sweden's banks, the Handelsbanken, of the card's potential.

Mr Lofberg says that it could be used for future identification cards which are carried in Sweden, in pay television systems and in all aspects of banking and electronic shopping.

The principle behind the card is extremely simple. The finger print pattern is digitally encoded and the owners thumb placed on the card is compared with this. This would require some sort of electronic circuit to be built into the card to compare.

Mr Löfberg says that banks, for example, are already planning the next generation of computer systems they will use in banking. He is sure that his fingerprint card is something that the Swedish banks, if not others, will consider.

Radio

Mobile users seminar

A ONE-DAY seminar is to be held at the Royal Lancaster Hotel in London on October 6, sponsored by the Mobile Radio Users' Association.

The meeting will be international in outlook, with speakers from the UK, U.S., Sweden and Germany.

Among the systems to be discussed will be that planned for Britain in 1985, now called TACS (Total Access Communication System), ARTS (American Radio Telephone Service in action in Washington / Baltimore), AMPS (Advanced Mobile Phone Service on trial in Chicago), NMT (Nordic Mobile Telephone), and Germany's C900 system devised at Siemens.

Fee for the seminar is £125 (£112.50 for members of the Mobile Radio Users' Association) and more details can be obtained from Suzanne Mayhew at the organisers, Oyez Scientific and Technical Services, 56 Holborn Viaduct, London EC1A 2EX (01-236 4080).

Networks

Defence applications

RACAL SAYS it is making a "substantial" investment in developing defence applications of Planet, its local area network (LAN).

The company says that even a small warship such as a minehunter can be fitted with up to 15 separate radio systems. Work now at an advanced stage will produce a system to link dozens of stations round a ship, including the bridge, with each of the radio sets.

Planet's twin coaxial cable will replace a maze of dedicated hard wiring channels carrying radio control data as well as voice and high speed teleprinter traffic. In addition, the LAN's built-in resilience to failure of one or more of its components makes it well suited to the possibility of damage caused by enemy action.

The LAN, to become suitable for the hostile environment of a warship, will be specially "hardened."

Engines

Running on vegetable power

A DIESEL engine which can run on vegetable oil is to be manufactured by Mitsui in Japan. It has acquired a licence from Elko Lizenz, a West German research institute, which developed the engine.

Mitsui can produce and market the engine everywhere except North America and Western Europe. The new engine, which can use many types of vegetable oil including soyabean, rapeseed, sunflower seed, coconut and palm, consumes 25 per cent less fuel than a conventional diesel engine and does not require a radiator or fan.

Applications include cars, agricultural and construction machinery. Probably the largest market for the engine is in Asia and South America where there is a plentiful supply of vegetable oil but petroleum is scarce.

Memories

NEC to launch CMOS Ram

NEC NEXT month will start selling a 64K dynamic random access memory fabricated in CMOS (complimentary metal oxide semiconductor).

The company says it has overcome the technical difficulties of expanded memory capacity using CMOS and plans to produce 150,000 chips a month from October 1983 to March 1984, after which the production rate will go up to 500,000 a month.

No prices have been revealed.

RESIDENTIAL PROPERTY

OVERSEAS

CLUBS

HOLIDAY AND TRAVEL

OVERSEAS FLIGHTS

WINTER SPORTS

SELF CATERING

U.K. HOTELS

BUSINESS FLIGHTS

MOTOR CARS

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

NOTICE OF INTERNATIONAL CALL FOR TENDERS NUMBER 0293 - 1K

Item No. 1 — Spare parts for CATERPILLAR ENGINE TYPE D399

Item No. 2 — Spare parts for CATERPILLAR ENGINE TYPE D353

Item No. 3 — Spare parts for CATERPILLAR ENGINES TYPES D399, D379, D353, D348, D346, D343

PERSONAL

COMPANY NOTICES

AMALGAMATED DISTILLED PRODUCTS PLC

O.K. BAZAARS (1929) LIMITED

BRAZILIAN INVESTMENTS SA

REPUBLIC OF ICELAND

APPOINTMENTS

Managing director for Babcock International

Mr Michael R. Hoffman will join BABCOCK INTERNATIONAL on October 3 as group managing director designate to take over from Mr T. Carlile when he reaches retirement age in February 1984. Mr Hoffman was president of the farm and industrial machinery division of Massey Ferguson in Toronto. Before moving to Canada in 1980 he was chairman of Perkins Engines, Peterborough.

Mr Colin Steel, formerly north east regional manager for Danfoss has been appointed group sales director of MAINMET HOLDINGS and its subsidiary companies. His initial efforts will be directed at Savaflush—producer of the first electronic flush control system which is claimed to reduce urinal water consumption by up to 90 per cent in properties where water is metered.

Mr A. D. Balcombe, a director, has been appointed chairman of ARMOUR TRUST.

Mr Timothy S. Jones has been appointed group financial controller of TRIDENT TELEVISION.

E. TURNER & SONS, Cardiff, has appointed Mr D. B. Lockyer to the board. He is company secretary.

Mr K. M. Baker has been appointed managing director of DURR, Warwick. He was previously managing director of Precision Gear Machines and Tools, and Red Ring Machine Tools.

Mr Robert D. Walter has been appointed joint managing director of ULTRAMAR GOLDEN EAGLE, UK marketing subsidiary of the Ultramar Group. Mr Edward C. Hall, joint managing director, has been transferred to American Ultramar following acquisition of Pittston Petroleum, a 90,000 barrel per day marketing operation in the north east of the U.S. Mr John F. Auld has been appointed deputy managing director of Ultramar Golden Eagle. Mr Walter was previously vice-president, finance, of American Ultramar. He was also responsible for setting up Ultramar's oil futures trading subsidiary which trades on the New York Mercantile Exchange.

Mr Jeffery Wilkins, managing director of Pollastrip, the Bristol-based manufacturer of PVC strip doors and fittings, has been appointed to the main board of POLLARDS OF LONDON. He continues as managing director of Pollastrip and also takes responsibility for Pollaforce, the Pollards Group's national industrial door maintenance and repair organisation.

Mr Frank L. Simpson has been appointed managing director of HENRY BOOT BUILDING. Mr Donald H. S. MacArthur, former managing director, is now chairman of the company.

Sir Henry Chilver, vice-chancellor of Cranfield Institute of Technology, has been re-elected president of the INSTITUTE OF MANAGEMENT SERVICES. Mr Bob Bayley, distribution services manager for Birds Eye Wall's, has been elected chairman, and Dr Trevor Bentley, managing director of CNJ Systems, deputy chairman.

BIX International Services has appointed Mr Chris Chessum as director of sales and marketing of BIX, the operating company based at Cradley Heath in the West Midlands. He joined the company in 1976 as manager of BIX Continental BV in Rotterdam, Holland.

Concurrent with the introduction of a new divisional structure to control the COMPAIR GROUP'S worldwide operations the following appointments become effective October 1. Mr Peter R. Fyson (presently managing director, CompAir International) becomes executive director, group headquarters; Mr Robert Boss (managing director, ComAir France) becomes managing director, CompAir Europe, responsible for group companies on the Continental mainland; Mr John B. McGrath (managing director, CompAir Construction and Mining) becomes managing director, CompAir UK; Mr Lee J. Topp as president, CompAir Inc. heads CompAir North America; and Mr Roger S. McIntyre-Brown (finance director, CompAir International) becomes managing director, CompAir International covering group companies outside Europe and North America. At CompAir Construction and Mining, Mr R. Graham Parkin becomes managing director and will be succeeded as finance director by Mr R. W. Letten.

STATE BANK OF NEW SOUTH WALES has made the following appointments at the London branch: Mr Rohan Courtney, chief manager; Mr Neil Moore, assistant chief manager; Mr Stuart Mackenzie, senior manager, administration; and Mr Michael K. Walker, senior manager foreign exchange and treasury.

Mr Alex Fletcher, Minister responsible for Corporate and Consumer Affairs in the Department of Trade and Industry, has appointed three new members to the NATIONAL CONSUMER COUNCIL. They are Mr Bryan Beckett, Mr John Mitchell and Mr Stuart Thom. Their appointments began on September 1 and will last until April 30 1986.

Mr John F. Hawkins has been appointed managing director of BENDIX, Bristol-based manufacturer of heavy goods vehicle air braking systems and equipment. Mr Hawkins, who succeeds Mr Jim Merrilees, who recently retired, has been assistant managing director for the past six months.

Mr John A. Fox, formerly chief executive of GKN Hardware distribution division, has been appointed a director of SPONG HOLDINGS. He remains a non-executive director of Valor Heating.

Mr Murdoch MacLennan has been appointed production director of the SCOTTISH DAILY RECORD AND SUNDAY MAIL. Mr MacLennan joined the newspaper in April 1979 as production manager and was promoted to chief production manager in January 1982. He succeeds Mr Jack Ferguson who was promoted to production director of Mirror Group Newspapers in London.

ALLIANCE SHIPPING (LONDON) has appointed Mr T. J. Purton to the board. He has been with the company for many years as accountant and company secretary.

Mr H. I. Stebbins, deputy chief representative in Europe of the RESERVE BANK OF AUSTRALIA, is returning to Australia and will be succeeded by Mr L. J. Austin.

Mr J. Wade West will relinquish his position as finance director of NEIL & SPENCER HOLDINGS from November 1 to enable him to pursue his family business interests. He will remain on the board as a non-executive director. Mr H. Fayers, at present a director of The Cole Group, has joined the board of Neil & Spencer and will become group finance and administration director on November 1. Mr P. K. Studner is returning to the U.S. to resume his business career there and has resigned as a non-executive director of Neil & Spencer Holdings.

The STOCK CONVERSION AND INVESTMENT TRUST has appointed Mr Hugh R. Jenkins as a non-executive director. He is director-general of investments of the National Coal Board Pension Fund. He is also a member of the Property Advisory Group to the Department of the Environment.

RTS TECHNOLOGY has taken over the terminal division of Rair. Managing director of the new company is Mr Robert Mountain.

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered ‖	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	TCB	9½%
CL Bank Nederland	9½%	Trustee Savings Bank	9½%
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10½%	Williams & Glyn's	9½%
Citibank Savings ¶	10½%	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	9½%	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%. £10,000 up to £50,000 7%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.09%. Effective annual rate—9.48%.

Comex records for silver and copper, Page 38

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WALL STREET

Gentle glide to safer altitudes

A MORE settled flight path was re-established on Wall Street yesterday, albeit still downward for much of the day, after the turbulence of the previous session disrupted an ascent to peak levels, *writes Gordon Cramb in New York.*

The Dow Jones Industrial average closed 4.98 off at 1,224.09, with trading volume of some 74.1m shares down from Monday's 114.02m but with a bigger proportion of stocks in the broader market registering declines. Yesterday 540 rose and 1,043 fell against the previous day's ratio of 816 to 842.

News of a fall in August retail sales, a sign that credit demand would not fuel rate rises, brought a ¾ point upward blip in bond prices at the long end. But dealers said the thin market was unable to sustain the rise, and quotations fell back again to a half-point or so below overnight levels.

The drag on both equity and bond prices was the pending Treasury funding programme over the next week. An auction today will offer $8bn in two-year notes, and the authorities announced after the official close that a further $14.25bn in longer-term paper would be issued.

Securities house analysts noted that the bond market was not following through its impressive gains of last Friday, achieved on the back of a welcome contraction in U.S. money supply. The key Federal Funds rate for interbank lending, at 9½ per cent yesterday against an average for the prior session of 9.40, had not shown any decline clear enough to reflect an easing in Federal Reserve policy.

One analyst – while forecasting a rise in the M-1 measure this week at the low end of expectations at less than $3bn, still well within target range – warned that this would not necessarily help the stock market. A likely concomitant of a monetary slowdown would be a less distinguished growth in corporate earnings next year.

As far as the bond market was concerned, he said, Friday's "excess of optimism" had since been "restrained by reality."

Meanwhile, alarmist rumours that the Fed had got its sums wrong merely brought distress to some stock investors and bargains to others on Monday.

For stocks in the securities firms themselves, yesterday brought little cheer after Monday's sell-off on lower profit projections. Merrill Lynch, volume leader for the second day, eased a further $¼ to $37¼, as did Phibro-Salomon at $28.

Annual figures from Macy, the department store group, failed to impress and its stock slipped $⅞ to $49½. Sears shed $⅝ to $37¼.

Retailers and manufacturers of consumer goods would emerge worst from a sales tail-off.

Of the airlines UAL, which forecast a third-quarter profits drop, came down $⅝ to $28⅝. AMR Corporation, holding company for American Airlines, fell $¾ at $28¾ despite being cleared on price fixing charges and despite a strong recommendation from Goldman Sachs to buy at up to $33 on its "important progress" in controlling costs.

Chrysler, which successfully recouped 14.4m of its own warrants from the Treasury at $21.602 each, came down $⅛ to $29⅞ in line with a weaker motor sector.

Signal Companies, the conglomerate set to raise up to $160m from the sale of 6.5m Diamond Shamrock shares, nonetheless dipped $¼ to $36 while the energy group was $½ down at $24⅞.

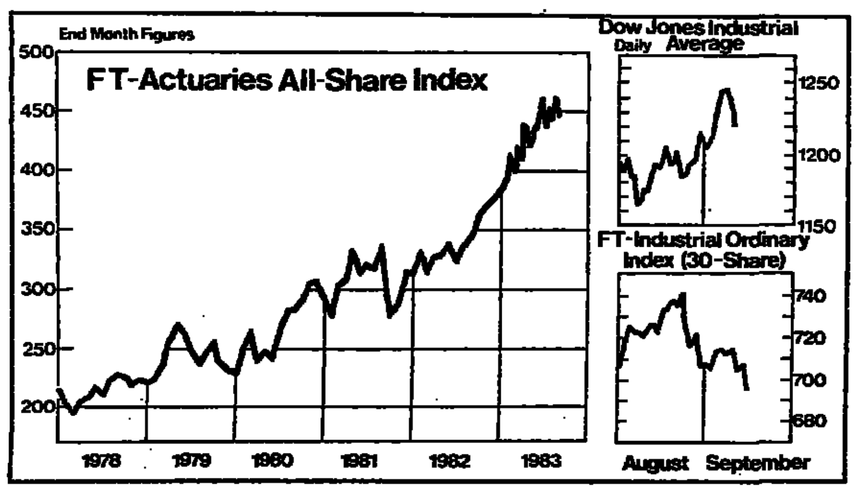
One of the day's better gains came from Paradyne, the data communications equipment concern which was reportedly nearing accord with the Securities and Exchange Commission on an allegedly fraudulent Federal contract bid. It picked up $1⅜ to $20⅜.

National Intergroup, the former National Steel renamed yesterday to reflect the company's diversification, had an uncomfortable debut with $1⅜ slide to $30⅛.

The credit markets drifted weaker than their overnight levels, with the three-month Treasury Bill at 9.06 and its six-month counterpart at 9.15 per cent, each discounted two basis points firmer than Monday evening's auction averages.

The 12 per cent bond due in 2013 dipped 16/32 in price to 103 6/32. Dealers in the corporate sector said the market was quiet but edgy ahead of the Fed's financing exercise.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Sept 13	Previous	Year ago
NEW YORK			
DJ Industrials	1224.09	1229.07	918.69
DJ Transport	581.05	568.15	374.75
DJ Utilities	131.21	132.23	115.22
S&P Composite	164.80	165.48	122.24
LONDON			
FT Ind Ord	695.8	707.9	585.7
FT-A All-share	445.30	451.86	357.71
FT-A 500	480.28	488.65	395.89
FT-A Ind	431.25	437.80	365.68
FT Gold mines	674.2	694.5	366.3
FT Govt secs	80.82	80.82	77.45
TOKYO			
Nikkei-Dow	9299.33	9355.13	7073.93
Tokyo SE	685.65	687.63	531.28
AUSTRALIA			
All Ord.	731.1	736.7	491.1
Metals & Mins.	603.8	613.3	399.8
AUSTRIA			
Credit Aktien	55.15	55.13	48.84
BELGIUM			
Belgian SE	132.08	133.14	100.26
CANADA			
Toronto Composite	2560.5	2575.4	1602.1
Montreal Industrials	457.70	460.33	291.7
Combined	430.47	432.46	275.15
DENMARK			
Copenhagen SE	204.47	n/a	84.79
FRANCE			
CAC Gen	134.2	135.2	98.5
Ind. Tendance	143.1	144.6	113.1
WEST GERMANY			
FAZ-Aktien	310.42	312.85	221.77
Commerzbank	921.10	928.8	672.2
HONG KONG			
Hang Seng	906.26	910.92	1080.37
ITALY			
Banca Comm.	197.79	199.81	163.63
NETHERLANDS			
ANP-CBS Gen	139.6	140.5	86.1
ANP-CBS Ind	112.6	112.5	68.0
NORWAY			
Oslo SE	210.6	211.38	104.44
SINGAPORE			
Straits Times	978.02	974.7	829.37
SOUTH AFRICA			
Golds	934.6	973.0	605.5
Industrials	946.5	946.1	612.2
SPAIN			
Madrid SE	115.71	114.29	102.26
SWEDEN			
J & P	1504.74	1500.38	622.06
SWITZERLAND			
Swiss Bank Ind	337.1	338.2	248.3
WORLD	Sep 12	Prev	Yr ago
Capital Int'l	180.0	180.1	134.2

GOLD (per ounce)

	Sept 13	Prev
London	$406.875	$414.375
Frankfurt	$406.75	$416.00
Zurich	$407.50	$417.50
Paris (fixing)	$407.08	$418.59
Luxembourg (fixing)	$407.25	$416.00
New York (Sept)	$407.10	$405.30

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Sept 13	Previous	Sept 13	Previous
$	-	-	1.494	1.5025
DM	2.679	2.6605	4.015	4
Yen	243.9	243.4	365	366
FFr	8.085	8.0125	12.075	12.035
SwFr	2.1775	2.163	3.255	3.2525
Guilder	2.9975	2.9765	4.48	4.475
Lira	1599.5	1589.5	2390.5	2388
BFr	53.97	53.46	80.65	80.35
C$	1.23225	1.23075	1.8405	1.849

INTEREST RATES

	Sept 13	Prev
Euro-currencies (three month offered rate)		
£	9 11/16	9⅝
SwFr	4⅝	4 11/16
DM	5⅝	5 11/16
FFr	15	15
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	9 15/16
6-month U.S.$	10⅛	10⅛
U.S. Fed Funds	9⅝*	9½
U.S. 3-month CDs	9.50	9.50
U.S. 3-month T-bills	9.05*	8.98

U.S. BONDS

	Sept 13 Price	Yield	Prev Price	Yield
Treasury				
10⅝ 1985	99 29/32	10.71	99 29/32	10.65
10⅝ 1990	96 [illegible]	11.53	96 [illegible]	11.47
11⅞ 1993	101 [illegible]	11.57	101 [illegible]	11.54
12 2013	103 [illegible]	11.61	103 [illegible]	11.55
Corporate				
AT & T				
10⅜ June 1990	93.93*	11.70*	94.15	11.65
3⅞ July 1990	68⅛*	10.55*	68⅝	10.50
8¾ May 2000	75⅝*	12.25*	75⅝	12.15
Xerox				
10⅞ March 1993	92.87*	11.90*	93	11.88
Diamond Shamrock				
10⅞ May 1993	90⅞*	12.26*	91⅛	12.15
Federated Dept Stores				
10⅞ May 2013	12.15*	87.802*	12.15	87.802
Abbott Lab				
11.8 Feb 2013	12.20*	96.789*	12.20	96.789
Alcoa				
12⅛ Dec 2012	12.85*	96.881*	12.65	96.881

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	71-30	72-12	71-29	72-04
U.S. Treasury Bills (IMM) $1m points of 100%				
December	90.66	90.72	90.62	90.67
Cert Deposit (IMM) $1m points of 100%				
September	90.58	90.60	90.53	90.55
LONDON				
Three-month Eurodollar $1m points of 100%				
December	89.83	89.87	89.78	89.93
20-year Notional Gilt £50,000 32nds of 100%				
September	103-23	103-28	103-20	103-28

COMMODITIES

(London)	Sept 13	Prev
Silver (spot fixing)	792.40p	815.60p
Copper (cash)	£1078.00	£1072.50
Coffee (Sept)	£1722.50	£1716.00
Oil (spot Arabian light)	$28.62	$28.62

LONDON

Uncertainty in wake of reversals

CONDITIONS in London equity markets turned extremely dull and uncertain yesterday following the totally unexpected overnight reversal on Wall Street.

Confused dealers received selling orders before the official 9.30am opening and consequently marked leading shares down sharply. An attempted rally petered out and the FT Industrial Ordinary index closed 12.1 down at the day's lowest of 695.8.

In contrast to Monday's buoyancy, gilts drifted gently lower, digesting the turn of events in America and the terms of the new £1bn short-dated tap stock, 10 per cent Treasury 1987. Compared with equities, however, the tone held steady with losses limited to ⅛ to ¼.

The recent high-flying Australians ran into heavy profit-taking in overnight domestic markets and in New York and were marked down accordingly in London at the opening. *Details, Page 33, Share Information Service 34–35.*

AUSTRALIA

MINING stocks suffered badly in **Sydney** as Monday's sharp reverse on Wall Street took investors by surprise.

The All Ordinaries index slid 5.6 points to 731.1, with the metals and minerals component surrendering 9.5 to 603.8.

A stronger Australian dollar was also said to have hurt shares of mining groups, whose export revenues decline when the currency firms. BHP fell 20 cents to A$12.50, Bougainville 14 cents to A$2.68, MIM 13 cents to A$4.35 and CSR 7 cents to A$4.35, although CRA closed steady at A$6.30.

SINGAPORE

A BLEND of buying interest and profit-taking left prices mixed in quiet trading in Singapore yesterday. Most operators remained on the sidelines in the general lack of trading enthusiasm, but the Straits Times index gained 3.32 points to close at 978.02. Losers outnumbered gains 93 to 41.

Banks were unchanged or lower, but commodities showed strength

HONG KONG

THE continued weakening of the local currency against the U.S. dollar sent prices sharply lower in early trading in Hong Kong. But a partial recovery late in the morning continued until the close, when the Hang Seng index stood at 906.26, off 4.66, after a 7.38 loss at one stage.

SOUTH AFRICA

STRONG selling pressure developed yesterday in **Johannesburg** as the bullion price plunged, resulting in sharply lower gold shares.

Losses up to R5 were encountered as with heavyweight Vaal Reefs at R145, while cheaper priced producers shed up to R1 such as Unisel at R17.

CANADA

A SOURING of New York sentiment spilled over into Canadian stocks yesterday with both **Toronto** and **Montreal** generally lower by mid-session.

Metals and minings showed the heaviest losses in Toronto, with golds and oil and gas issues also encountering price setbacks.

TOKYO

Blue chip speculators sell out

SPECULATORS, discouraged by the unexpected plunge on Wall Street, sold blue chips in Tokyo yesterday, pushing the Nikkei-Dow average down 55.80, *writes Shigeo Nishiwaki of Jiji Press.*

The 255-issue market barometer dipped below the 9,300 mark to finish the day at 9,299.33 on volume of 258.42m shares, up from Monday's 252.10m. Losers outnumbered gainers 396 to 241, with 205 issues unchanged.

Bond prices dropped as investors became wary of recent rapid price gains.

Speculators bought blue chips and speculative issues on Monday on the expectation that the steep decline in U.S. M-1 money supply announced last weekend would push share prices up in New York. But as prices dropped contrary to expectation, they turned to unloading blue-chip stocks yesterday.

Sony plunged ¥80 to ¥3,710, TDK ¥60 to ¥5,340 and Matsushita Electric Industrial ¥40 to ¥1,660.

Fujisawa Pharmaceutical came under a barrage of massive selling on reports that an executive had been arrested on charges of illegally obtaining confidential data on drugs developed by other companies from an official of the Health and Welfare Ministry. It lost ¥80 to ¥940.

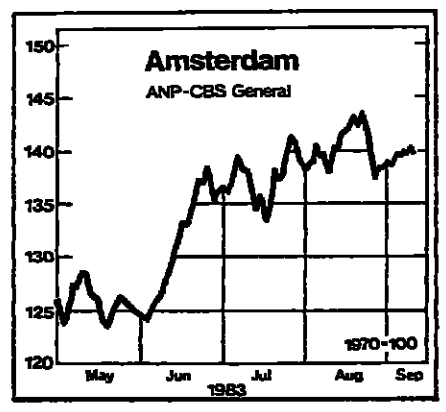
This, together with investors' fear that the combined margin buying balance on the Tokyo, Osaka and Nagoya exchanges, announced after the close of the market, would swell further, worsened the undertone of the market.

The margin buying balance as of last Friday actually increased by ¥27bn over the preceding weekend to ¥2,412.4bn, scoring an all-time record for the third week in a row. The selling balance came to ¥278.2bn, up ¥2.2bn.

Amid the debacle of blue chips, Aoki Construction registered its maximum gain permitted for a single day of ¥59 to reach ¥1,050. Other speculatives also rallied, with Teikoku Oil adding ¥8 to ¥793 and Penta-Ocean ¥8 to ¥345. Mitsubishi Heavy Industries rose ¥6 to ¥244 and Kawasaki Heavy Industries ¥5 to ¥157.

Bond yields shot up despite slower selling. The yield drop of last week led investors to take profit yesterday and some major securities houses liquidated their swollen holdings.

Yield on 7.5 per cent government bonds with 9½ years to maturity went up from 7.885 per cent on Monday to 7.93 per cent. That on 7.7 per cent government bonds with 6½ years to maturity climbed from 7.54 to 7.59 per cent.



EUROPE

Search for a positive pointer

MONDAY'S surprise turnround in Wall Street prices left bourses searching for a new direction yesterday and, unable to find anything more positive than the dollar's renewed strength, they languished for the most part in thin and trendless trading.

Fears that U.S. money supply will display an unhealthy bulge in coming weeks proved an added depressant in **Frankfurt,** where prices slipped across the board in light turnover.

The Commerzbank 60-share index reflected the easier tone, slipping 7.7 points to 921.1.

Motors traded confidently at first but then weakened, with Daimler finishing DM 3.20 off at DM 569.50 and VW DM 2.70 lower at DM 216. BMW hung on at DM 376.

Deutsche Bank led a general decline in banks with a DM 6.90 slide to DM 300, while Commerzbank eased DM 2 to DM 167.50 and Dresdner DM 1.50 to DM 169.

Worries about U.S. monetary expansion wiped out much of the previous day's gains in the domestic bond market, with public authority bonds losing around 0.25 of their 0.40 improvement. The Bundesbank aimed to level yields with a sale of DM 6.1m of domestic paper in the market, against DM 98.1m on Monday.

Concern that Belgium's rail strike might spread to the entire public sector, testing the Government's austerity programme and putting new pressures on the franc, sent prices sharply lower in **Brussels.**

Equities sagged in all sectors except holding companies, which were mixed, with Société Générale BFr 55 easier at BFr 1880 but Finoutremer BFr 38 ahead at BFr 1498 and Sofina up BFr 10 at BFr 4990.

Steel issues were hard hit, Arbed slipping BFr 10 to BFr 1388 and Cockerill BFr 1 to BFr 163 after Belgian and Luxembourg officials broke off talks aimed at establishing closer production links between the two groups.

Oil stocks led the retreat as **Paris** prices surrendered the gains of the past two trading days, Esso plunging FFr 13 to FFr 300. Overall, falls outnumbered gains by almost four to one.

Insurance issues were the only bright spot in **Amsterdam,** where Ennia soared another Fl 9 to Fl 171 on prospects of a merger with Ago Holding. Other insurers followed the trend, with Amev 50 cents up at Fl 126.

A cautious attitude prevailed in **Zurich** in the face of Wall Street's decline and the stonger dollar. Prices were little changed and dealers said the market seemed to have stalled in the absence of a clear new indication on interest rate direction.

In **Milan,** prices closed generally easier as end-account liquidation met little buying interest. The weak tone also reflected dissatisfaction at the failure of Monday's cabinet meeting to decide on measures to support the stagnating industrial sector.

Madrid prices reversed the general European trend, rising in quiet trading to push the bourse index 1.42 points forward to 115.71. Banks scored particularly good gains, but chemicals and electricals were also strong.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
61½	35¼	Waste	68	1 5	19	681	47	46½	46⅝	[illegible]
92	37¾	Watkin	69	8	17	28	62	61	81½	[illegible]
15½	7½	WayGos	20	1 6	16	29	12½	12½	12½	
8¼	3½	WeanU				46	7½	7½	7½	
12½	9¼	Wean	pf1 26	13		1	9½	9½	9½	-½
25	6½	WeboD			43	142	18½	17½	17½	-½
40½	19⅛	WeisM	s 56	1 6	16	12	35½	35¼	35¼	-½
39¼	23½	WellsF	1 92	5 1	6	234	37½	36½	37½	+½
50½	45	WelF	pt2 69e	5 5		10	48½	48½	48½	

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 31

[illegible]

CANADA

Stock	Sept. 12	Sept. 9
AMCA Intl.	24	24
Abitibi	24	24
Agnico Eagle	19	20
Alberta Energy	20	20
Alcan Aluminium	49	49
Algoma Steel	31	30
Asbestos	11	11
Bk. Montreal	29	28
Bk. Nova Scotia	42	42
Bell Canada	28	28
Bombardier	13	13
Bow Valley	28	29
BP Canada Res.	25	25
Brascan A.	29	29
Brinco	3.55	3.60
B.C. Forest	11	11
CIL Inc.	29	28
Cadillac Fairview	9	9
Campbell Red Lk	34	36
Can Cement	13	13
Can NW Energy	27	27
Can Packers	24	24
Can Trustco	44	43
Can Imp Bank	34	33
Can Pacific	48	47
Can. Pac. Ents	24	23
Can Tire	63	63
Carling O'Kfe	23	23
Chieftain	28	28
Cominco	63	64
Cons Bathst A	22	22
Copper Lake	3.50	3.80
Coseka Res	4.20	4.20
Costain	10	10
Denison Mines	50	50
Dofcosa	54	53
Dome Mines	19	20
Dome Petroleum	5	5
Dom Stores	22	22
Domtar	27	27
Falconbrge Ltd	87	85
Genstar	30	29
Giant Y'knife	28	28
Gt West Life	2.25	2.25
Gulf Canada	20	20
Hawk Sid. Can	17	17
Hudson's Bay	23	23
Husky Oil	11	11
Imasco	34	34
Imp Oil A	40	40
Inco	22	22
Indal	11	11
Inter Pipe	30	30
Lac Minerals	34	35
Mac Bloedel	27	28
Marks & Spencer	14	14
Massey Ferg.	7	6
McIntyre Mines	45	44
[illegible]		

DENMARK

Sept. 13	Price Kroner	+ or −
Aarhus Olie	556.4	
Andelsbanken	320	−15
Baltica Skand.	598	−13
CopHandelsbank	300	−7
D. Sukkerfab	806	−24
Danske Bank	312.6	+8
East Asiatic	156	−0.4
Forende Brygg.	1,275	
Forende Damp	164	−41
GNT Hldg	515.4	−9.6
I.S.S.B.	665	−1
Jyske Bank	601	−1.6
Novo Ind	3,330	
Privatbanken	324.6	−8.4
Provinsbanken	302	−7.6
Smidth (F)	276	
Sophus Berend	1,078	
Superfos	845	−0.2

FRANCE

Sept. 13	Price Frs.	+ or −
Emprunt 4½% 1973	2,070	−21
Emprunt 7% 1973	9,801	−189
CNE 3%	3,012	+12
Air Liquide	444.5	−5.5
BIC	607	−4
Bouygues	724	−8
BSN Gervais	1,950	−30
CIT Alcatel	1,195	−10
Carrefour	1,395	
Club Mediter'n	715	−5
CFAO	554	+3
Cie Bancaire	311	−0.5
Cofimeg	179.7	−1.3
Creusot Loire	67	−0.5
Darty	674	−9
Dumez	892	−17
Eaux (Cie Gen)	375	−4
Elf-Aquitaine	180	−4
Gen. Occidental	690	−2
Imetal	71	
Lafarge Coppee	288.8	−1
L'Oreal	1,770	−10
Legrand	1,908	+8
Maisons Phenix	395.2	−14.8
Matra	1,060	−15
Michelin B.	823	−16
Midi (Cie)	1,028	−3
Moet Hennessy	1,180	−40
Moulinex	80.3	
Nord Est.	47.6	−2.9
Pernod Ricard	717	−16
Perrier	330	−5
Petroles (Fra.)	150.5	−3.5
Peugeot-SA	206	−0.2
Poclain	78.5	−1.5
Printemps Au.	115	−0.5
Radiotech	433	−11
Redoute	1,025	−20
Roussel-Uclaf	436.1	+6.3
Schneider	126.8	+3.3
[illegible]		

NETHERLANDS

Sept. 13	Price Fls.	+ or −
ACF Holding	163.6	+0.3
Ahold	173.5	−2
AKZO	77.8	−1.2
ABN	363	−3
AMEV	126	−0.5
AMRO	60	−0.5
Bredero Cert	178	+0.5
Boskalis Westm.	48.5	+0.5
Buhrmann-Tet	46.8	+0.3
Caland Hldgs	34.6	−0.2
Credit Lyon's Bk	49.6	+0.3
Elsevier-NDU nv	380	−3
Ennia	171	+9
EuroCom Tst	102	
Gist. Brocades	162.5	+1
Heineken	123.7	−2
Hoogovens	45.4	−0.5
Hunter Douglas	18.8	+0.4
Int Muller	26.9	−0.1
KLM	152	−2
Naarden	42	+0.5
Nat Ned Cert	159.4	+14.4
Ned Cred Bank	32.7	+0.2
Ned Mid Bank	145	+8.5
Nedlloyd	92	−1
Oce Grinten	206	
Ommeren (Van)	28.7	−0.3
Pakhoed	57.2	+0.1
Philips	47.7	−1.8
Rijn Schelde	4.3	
Robeco	316	−1.6
Rodamco	127.2	
Rolinco	307	−2.5
Rorento	192.8	+0.2
Royal Dutch	137.4	−3.3
Unilever	222.5	−2
VMF Stork	76	−2.5
VNU	106	−1.5
West Utr Bank	110.5	−0.2

NORWAY

Sept. 13	Price Kroner	+ or −
Bergens Bank	114	−1
Borregaard	172.5	−3.5
Christiania Bk.	122.5	+0.5
Creditbank	128.5	
Elkem	113	+1
Norsk Data	285	
Norsk Hydro	532.5	−7.5
Storebrand	165	−1

SPAIN

Sept. 13	Price Pesetas	+ or −
[illegible]		

AUSTRALIA

Sept. 13	Price Aust. $	+ or −
ANZ Group	5.4	−0.1
Acrow Aust.	1.25	
A.O.D.	1.12	−0.01
Ampol Pet.	2.1	+0.08
Assoc Pulp Pap.	1.856	
Aust Cons Ind.	1.55	
Aust. Guarant.	2.35	
Aust. Nat. Inds.	2.78	−0.02
Aust. Paper	2.28	−0.02
Bond Hldgs	1.33	−0.05
Boral	3.3	−0.05
Bl'ville Copper	2.82	
Brambles Inds.	2.85	0.05
Bridge Oil	3.95	0.05
BHP	12.5	−0.2
CRA	6.3	
CSR	4.35	−0.01
Carlton & Utd.	3.32	−0.03
Castlemaine Tys.	4.05	+0.05
Coles (G.J.)	3.4	0.15
Comalco	3.46	
Consolidated Pet	0.52	−0.03
Costain	1.5	
Dunlop	1.38	+0.02
E.Z. Ind.	6.3	
Elders IXL	4.4	−0.02
Energy Res	1.95	−0.05
Gen Prop Trust	1.78	+0.04
Griffin Coal	6.5	
Hardie (J.)	4.05	
Hartogen Energy	3.00	−0.5
Herald W'y Times	2.9	
ICI Aust.	2.04	
Jimb'lana (50cFP)	0.27	−0.01
Kia Ora Gold	0.27	−0.02
Lend Lease	5.06	+0.06
MIM	4.35	−0.13
Mayne Nickless	2.92	
Meekatharra Ms	1.35	
Myer Emp.	1.6	−0.05
Nat. Aus. Bk.	3.96	
News	9.2	−0.2
Nicholas Kiwi	2.86	+0.05
North Bkn Hill	3.4	−0.05
Oakbridge	1.34	+0.01
Otter Expl	0.8	−0.05
Pancon	1.76	−0.07
Pioneer Conc.	1.85	
Reckitt & Coln	2.4	−0.05
Repco	1.3	−0.04
Santos	8.4	−0.36
Smith (H.)	4.15	
Southland Min'g.	0.36	−0.01
Spargos Expl.	0.67	−0.05
Thos Natwide.	1.98	
Tooth	4.12	−0.05
UMAL Cons	2.25	−0.05
Vamgas	4.2	−0.2
Western Mining	4.8	−0.08
Westpac	3.38	
Woodside Petrol.	1.6	−0.05
Woolworths	2.65	
Wormald Intl	3.08	−0.02

HONG KONG

Sept. 13	Price H.K.$	+ or −
[illegible]		

JAPAN (continued)

Sept. 13	Price Yen	+ or −
Konishiroku	660	−10
Kubota	410	+5
Kumagia	441	+5
Kyoto Ceramic	7,800	−50
Maeda Const	612	−4
Makino Milling	1,180	
Makita	1,310	−10
Marubeni	284	+9
Marudai	615	
Marui	1,070	−20
MEI	1,860	−40
M'ta Elec Works	690	
M'bishi Bank	500	
M'bishi Corp	512	+3
M'bishi Elec	419	+8
M'bishi Estate	501	+6
MHI	242	+6
Mitsui Co	360	
Mitsui Estate	705	+5
Mitsukoshi	380	+5
NGK Insulators	690	−11
Nihon Cement	195	−6
Nippon Denso	1,450	
Nippon Elect.	1,440	−20
Nippon Express	268	+1
Nippon Gakki	645	5
Nippon Kokan	150	
Nippon Oil	985	
Nippon Seiko	590	−19
Nippon Shinpan	655	−5
Nippon Steel	172	+1
Nippon Suisan	329	−20
NTV	7,180	+50
Nippon Yusen	250	−4
Nissan Motor	724	−6
Nisshin Flour	403	+5
Nisshin Steel	150	+2
Nomura	759	1
Olympus	1,140	−50
Omron Tateisi	1,750	
Orient Leasing	2,850	
Pioneer	3,090	−20
Renown	635	
Ricoh	918	11
Sankyo	772	+2
Sanyo Elect	443	2
Sapporo	375	9
Sekisui Prefab	650	−2
Seven Eleven	6,350	−50
Sharp	1,430	−10
Shimadzu	515	15
Shinogi	514	−2
Shiseido	1,080	−30
Sony	3,710	18
Stanley	804	
S'tomo Elect	632	−8
S'tomo Marine	218	−2
S'tomo Metal	164	+1
Taihei Dengyo	515	−6
Taisei Corp.	220	
Taisho Pharm	980	
Takeda	825	+5
TDK	5,440	−60
Teijin	341	−3
[illegible]		

SINGAPORE

Sept. 13	Price $	+ or −
[illegible]		

SOUTH AFRICA

Sept. 13	Price Rand	+ or −
[illegible]		

AUSTRIA

Sept. 13	Price Schs	+ or −
[illegible]		

GERMANY

Sept. 13	Price Dm.	+ or −
[illegible]		

SWEDEN

Sept. 13	Price Kronor	+ or −
[illegible]		

BELGIUM/LUXEMBOURG

Sept. 13	Price Frs.	+ or −
[illegible]		
Royale Belge	7,100	
Soc. Gen. Banq	2,930	−30
Soc. Gen. Belge	1,880	−55
Sofina	4,990	+10
Solvay	3,225	−55
Traction Elect	3,390	−10
UCB	3,860	−30
Vielle Mont	3,850	−60

ITALY

Sept. 13	Price Lire	+ or −
[illegible]		
Italcementi	34,250	−750
Montedison	221	−3
Olivetti	3,368	−38
Pirelli Co	2,756	−24
Pirelli Spa	1,682	−8
Snia Viscosa	1,174	−22
Toro Assic.	11,700	−300
do. Pref.	9,050	−51

SWITZERLAND

Sept. 13	Price Frs.	+ or −
[illegible]		
Schindler (PtCts)	435	
Swissair	865	
Swiss Bank	309	
Swiss Reinsce	6,800	
Swiss Volksbk	1,395	
Union Bank	3,200	−5
Winterthur	2,740	−10
Zurich Ins.	16,400	

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Sep 13	Sep 12	Sep 5	Sep 2	Sep 1	Aug 31	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1224.09	1229.87	1215.45	1215.45	1206.81	1216.16	1248.3 (16/6)	174.39 (1/1)	1248.3 (16/6/83)	41.22 (2/7/32)
Transport	561.05	566.15	558.94	558.94	563.32	548.58	589.29 (24/6)	434.24 (3/1)	589.29 (24/6/83)	12.23 (8/7/32)
Utilities	131.21	132.23	130.11	130.11	129.87	129.53	132.9 (26/7)	119.46 (3/1)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 1000's†	7417	11402	5930	5930	7612	8880	-	-	-	-

	Aug 19	Aug 12	Aug 5	(Year Ago Approx)
Ind div yield %	4.65	4.58	4.66	6.43

STANDARD AND POORS

	Sep 13	Sep 12	Sep 5	Sep 2	Sep 1	Aug 31	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	185.81	186.52	186.39	186.39	185.42	185.58	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	164.8	165.48	165.0	165.0	164.23	164.4	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Aug 24	Aug 17	Aug 10	Year Ago (Approx)
Ind div yield %	4.05	3.95	4.05	5.46
Ind. P/E Ratio	14.02	14.39	14.04	8.29
Long Gov Bond Yield	11.40	11.43	11.99	11.92

N.Y.S.E. ALL COMMON

Sep 13	Sep 12	Sep 5	Sep 2	1983 High	1983 Low
95.11	-	-	-	442.62 (6/9)	79.75 (24/1)

RISES AND FALLS

	Sep 13	Sep 12	Sep 5
Issues traded	951	1982	1881
Rises	544	780	917
Falls	41	832	541
Unchanged	366	370	423

MONTREAL

	Sep 13	Sep 12	Sep 5	Sep 2	1983 High	1983 Low
Industrials	457.7	460.33	458.2	458.2	493.88 (5/5)	329.12 (4/1)
Combined	430.47	432.46	422.28	422.28	422.29 (2/9)	319.4 (5/5)
TORONTO Composite	2568.6	2575.4	2512.3	2512.3	2517.7 (27/7)	1848.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Sept. 13	Sept. 12	Sept. 9	Sept. 8	1983 High	1983 Low
AUSTRALIA						
All Ord. (1/1/80)	731.1	736.7	730.3	726.9	736.7 (12/9)	487.8 (4/1)
Metals & Minls. (1/1/80)	605.8	613.3	598.2	606.0	614.2 (6/9)	411.8 (4/1)
AUSTRIA						
Credit Aktien (2/1/62)	55.75	55.15	55.27	55.19	58.8 (5/5)	46.48 (15/2)
BELGIUM						
Belgian SE (31/12/63)	132.08	133.14	133.28	133.71	134.45 (1/8)	100.58 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	204.47	(u)	198.83	198.74	204.47 (13/9)	100.00 (3/1)
FRANCE						
CAC General (31/12/82)	154.2	155.2	154.7	154.9	157.7 (25/8)	98.1 (3/1)
Ind Tendance (31/12/82)	(u)	144.6	145.7	143.4	146.3 (24/8)	98.0 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	310.42	312.85	311.48	313.53	331.66 (7/7)	241.26 (25/1)
Commerzbank (Dec1953)	921.1	928.8	924.8	951.3	986.3 (7/7)	727.9 (25/1)
HONG KONG						
Hang Seng Bank (31/7/64)	906.26	910.92	(c)	822.75	1109.64 (21/7)	761.61 (4/1)
ITALY						
Banca Comm Ital. (1972)	197.79	199.81	198.95	199.16	214.93 (21/5)	160.45 (10/1)
JAPAN[**]						
Dow Average (16/5/49)	9299.55	9355.13	9304.01	9332.47	9355.66 (7/9)	7803.18 (25/1)
Tokyo New SE (4/1/68)	685.65	687.63	684.60	685.32	688.53 (7/9)	574.51 (25/1)
NETHERLANDS						
ANP-CBS General (1970)	138.6	140.6	139.3	140.0	143.4 (22/8)	100.1 (4/1)
ANP-CBS Indust (1970)	112.6	112.5	112.0	112.6	118.5 (22/8)	85.5 (4/1)
NORWAY						
Oslo SE (4/1/83)	210.80	211.38	208.46	209.94	214.45 (18/8)	99.81 (4/1)
SINGAPORE						
Straights Times (1966)	978.02	974.70	967.25	972.04	992.82 (25/8)	712.22 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	973.0	967.9	964.4	1099.5 (11/2)	694.3 (28/3)
Industrial (1958)	(u)	946.1	945.0	946.0	968.7 (28/6)	740.8 (3/1)
SPAIN						
Madrid SE (31/12/82)	115.71	(c)	(c)	114.29	120.82 (15/7)	98.52 (11/1)
SWEDEN						
Jacobson & P. (1/1/58)	1504.74	1500.38	1491.18	1515.41	1628.60 (6/9)	896.16 (3/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	357.1	358.2	357.0	357.5	347.8 (4/8)	294.4 (4/1)
WORLD						
Capital Intl. (1/1/70)	—	180.0	180.1	180.7	182.7 (22/6)	144.5 (3/1)

(**) Saturday Sept. 10: Japan Dow (c) TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

هكذا ضد الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

Leading shares sharply lower on Wall Street influences

Gilts hold steady—Golds turn weak

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24

*" New-time " dealings may take place from 9.30 am two business days earlier.

Conditions in London equity markets turned extremely dull and uncertain yesterday following the totally unexpected overnight reversal on Wall Street which had earlier in the session broken through to a record high. Monday's eventual near-11 point fall in the Dow Jones index reflected doubts about the recent contraction in U.S. money growth and this in turn caused early consternation in Throgmorton Street.

Confused dealers received selling orders before the official, 9.30 am, opening and consequently marked leading shares down sharply. This took the 10 am FT Industrial Ordinary share index below 700 for the first time since mid-July. Ensuing business was on a limited scale. An attempted rally soon petered out and advices that Wall Street had started lower again yesterday left the index 12.1 down at the day's lowest of 695.8; this is 6 per cent off last month's all-time high and takes the index back to July 19.

The Government's pending £500m sale of BP shares was overshadowed as a market factor but reports of official opposition to BP's plan to auction 25 per cent of its North Sea Forties field interests left the shares 14 down at 422p. Falls in other index constituents were usually limited to 8.

Elsewhere, a lengthy list of company trading statements provided enough interest to keep dealers on their toes. In response to better-than-expected interim profits, Bowater was one of only two index stocks to improve. The takeover sector was featured by Crystalate fulfilling expectations by bidding for Royal Worcester.

In complete contrast to Monday's buoyancy, Gilts drifted lower digesting the turn of events in America and the terms of the new £1bn short-dated tap stock, 10 per cent Treasury 1987. Compared with equities, however, the tone held steady with losses limited to ¼ after Monday's gains stretching to nearly two points.

Gold shares turned weak with the FT Gold Mines index dropping 20.3 to 674.2 in sympathy with a fall in the gold bullion price.

The Banking sector tended to resist the surrounding weakness and only Standard Chartered, down 8 at 445p, recorded a noticeable loss. Elsewhere, Mercury Securities rose 15 to 445p on business effected late on Monday.

Awaiting today's respective interim statements, Eagle Star slipped 7 to 438p and Legal and General 10 to 472p Other Insurances to sustain double-figure losses included Pearl, at 705p, and Sun Life, at 550p. Among Brokers, Willis Faber rose 10 to 548p following good half-yearly figures, but Trade Indemnity lost that much to a low of the year of 150p following the first-half announcement.

Yesterday saw the debut of Central Independent Television in the Unlisted Securities Market; the shares, previously dealt under Special Rule, attracted minimal interest and remained at the opening level of 170p.

Dullness in the Brewery sector mainly reflected the absence of support. Losses were usually limited to a few pence in the leaders, but Bass stood out again with a reaction of 8 to 323p.

Buildings contributed to the overall dullness. Selling was described as scrappy, but RMC reflected nervous offerings ahead of the half-yearly results, due on September 21, and shed 10 to 331p. Redland gave up 5 to 227p, but Blue Circle finished only a couple of pence cheaper on balance at 418p, after 415p. On a brighter note, BPB Industries firmed 5 to 258p on the plasterboard price rise, while UBM hardened 1½ to 118½p; the Norcros shares and cash offer for the latter reaches its first closing date today and is likely to be extended. Costain closed a couple of pence off at 226p, after 222p, the 10 per cent interim dividend increase and the chairman's statement about the full-year outcome all but compensating for the 27 per cent profits contraction. Marchwiel's half-year profits failed to match best estimates and the existence of a bull position in the shares prompted a reaction of 10 to 200p.

Disappointment with Wall Street's overnight performance left ICI 4 off at 526p. Other Chemicals were also dull, Amersham International and Laporte shedding 7 apiece to 243p and 303p respectively; the latter's interim results are due on September 21.

Garnar Booth good

Leading Stores to feel the chill wind included Marks and Spencer, 7 lower at 200p, and Gussies A, 13 down at 497p. Habitat gave up 8 at 274p and Milletts Leisure closed similarly easier at 157p. Home Charm touched a 1983 high of 132p in response to the interim statement before slipping to close a net 2 cheaper at 126p. Among smaller-priced issues, Bambers Stores dipped to 11p prior to being suspended at 12p; Mellins, which has a stake in the company, announced that the Bambers' board had informed it of greater than anticipated first-half losses and that previous agreements had been re-negotiated and option periods extended. Mellins fell 20 to 110p.

Shoes presented two outstandingly firm features; Garnar Booth jumped 12 to 102p on much improved interim results and Strong and Fisher rose an identical amount to 62p amid talk that the preliminary figures would be announced next month; Arthur Bartfield group holds 11 per cent in the company.

Leading Electricals encountered selling at the outset, but tended to rally in places with GEC settling only 3 cheaper at 195p. BICC were noteworthy for a fall of 7 to 226p and Racal also stood out at 22p, down 11 Ferranti, a good market of late, cheapened 10 to 585p, while revived offerings left Cable and Wireless down 12 more at 470p. George H. Scholes, in contrast, closed a shade firmer at 473p awaiting today's interim figures.

Leading Engineers drifted lower, but losses were usually limited to a couple of pence. Secondary issues were featured by a fall of 6 to 118p in S. W. Farmer in response to lower interim profits. Laird Group reacted a similar amount to 99p following reports of cutbacks at Metropolitan-Cammell. Tace met revived selling pending full details of the Goring Kerr offer for sale and closed 14 off at the day's lowest of 118p.

Foods drifted easier. Tate and Lyle shed 8 to 354p with the new nil-paid shares the same amount down at 44p premium, while United Biscuits, interim results due tomorrow, gave up 3 to 151p. Northern softened a couple of pence to a 1983 low of 166. Bernard Matthews' interim results were deemed to be satisfactory, but the shares gave up 5 to 155p in the absence of interest.

Speculative hopes of bid for Royal Worcester were confirmed when Crystalate yesterday offered share exchange terms which lifted the former 40 more to 315p, after 320p; Crystalate eased 4 to 162p. Other good spots among miscellaneous Industrials took in British Aerospace, up 15 at 190p following the first-half results. Also better after interim figures were Bowater, 4 dearer at 210p, after 213p, and British Vita, 5 up at a high for the year of 192p. Hartons also attained a 1983 peak of 16½p, up 2, helped by the increased dividend forecast. Casualties on trading statements, however, included BTR, down 8 at 524p, after 517p, Hestair, 3 off at 66p, and Hayters, which lost 5 to 140p. Low and Bonar gave up 6 at 106p, after 102p, despite the mid-term recovery, while W. Canning lost 5 to 77p on profit-taking. The leaders suffered sizeable falls ranging to 15 in Glaxo, 755p, and about 10 in Beecham, 320p, and Metal Box, 240p. Boots reacted 7 to 153p. Elsewhere, Arthur Wood rose 5 on scattered demand to close at the best this year of 41p.

The rights issue proposal made no apparent impression on Associated Paper Industries which held at 95p. Elsewhere in Paper/Printings, Richard Clay put on 6 to 88p in response to the 81 per cent interim profits increase. In Newspapers, Fleet Holdings' interim profits matched market estimates, but the shares closed a penny off at 126p; the Reuters flotation details are expected soon.

Resilient recently, Properties failed to escape the overall malaise yesterday. Land Securities shed 5 to 312p. Brixton Estate lost the turn to 110p despite the satisfactory interim performance, while the increased preliminary profits and dividend failed to excite Imry, which shed 5 to 265p.

Trusts followed the lower trend in equities, falls of 5 being marked against Gresham House, 190p, British Investment, 245p, and North Sea Assets, 137p. Fashion and General lost 10 to 260p following lower annual earnings.

Oils on offer

The sharp overnight turnround on Wall Street coupled with continuing uncertainty about the expected Government sale of BP shares took its toll on sentiment in the Oil market. BP weakened 14 to 422p and Shell a similar amount to 616p in the leaders. Britoil gave up 10 to 238p, while Lasmo closed 8 lower at 313p. Burmah, in contrast, were a relatively lively and firm market awaiting today's interim figures and closed unaltered at 180p, after 182p. Elsewhere, Atlantic Resources reacted 15 to 355p and Eglinton 20 to 255p. Against the trend, Australian Oil and Gas advanced 25 to 125p accompanied by talk of a bid from Hartogen.

Golds falter

The recent bull market in mining shares, particularly Australians and South African Golds, foundered yesterday following the dramatic downturn in precious metal prices and in overnight Wall Street markets.

The notable weakness of bullion, which retreated $7.5 in London to close at $406.875 an ounce, its lowest closing level since early June, encouraged widespread and often heavy selling of South African Golds and depressed the Gold Mines index by 20.3 to 674.2.

The decline in bullion was attributed to the latest news concerning the Brazilian debt situation and reports of a possible downturn in international oil prices.

Recent favourites among the heavyweights were particularly vulnerable with losses exceeding a point common to Vaal Reefs, £87, Southvaal, £46¼, Kloof, £32¾ and Winkelhaak, £34¼.

South African Financials were similarly depressed. Gold Fields of South Africa eased £1¼ to £86¾ and Anglo American Corporation ¼ to £14¼.

Platinums were highlighted by persistent profit-taking in Impala, 20 cheaper at 970p, and Lydenburg, 15 off at 630p following the results, while Rustenburg dipped 10 to 860p.

Gold Fields held the limelight in London Financials: marked down to 600p ahead of the figures the shares made rapid progress after the announcement and surged ahead to close a net 9 firmer at 614p with dealers well satisfied with the results. RTZ due to report interim figures on September 21, closed 3 easier at 655p.

The recent high-flying Australians ran into heavy profit-taking in overnight domestic markets and in New York and were marked down accordingly at London's opening.

Subsequent activity was confined to further selling from London dealers and prices showed substantial losses at the close with speculative Golds particularly hard-hit.

Metana dropped 20 to 167p, Spargos 8 to 35p, Valiant 7½ to 25p, Ivanhoe 3½ to 16½p and Queen Margaret 3 to 24p.

Leading Golds showed Poseidon 13 cheaper at 355p, after 352p, and Central Norseman 25 off at 473p. Whim Creek dropped 8 to 182p.

Sons of Gwalia moved against the overall trend and added 3 at a year's high of 58p.

The volume of business in Traded Options again left a lot to be desired, but 1,882 contracts were done, comprising 1,128 calls and 754 puts. Grand Metropolitan were fairly lively, recording 293 deals.

FINANCIAL TIMES STOCK INDICES

	Sept. 13	Sept. 12	Sept. 9	Sept. 8	Sept. 7	Sept. 6	year ago
Government Secs.	80.92	80.82	79.96	79.97	79.93	79.71	77.46
Fixed Interest	83.11	83.08	82.43	82.58	82.32	82.24	78.64
Industrial Ord.	695.8	707.9	704.9	713.6	713.4	714.5	585.7
Gold Mines	674.2	694.5	691.0	683.6	684.5	685.5	398.3
Ord. Div. Yield	4.89	4.82	4.83	4.76	4.76	4.74	5.01
Earnings Yld.% (full)	9.77	9.63	9.65	9.51	9.56	9.55	10.92
P/E Ratio (net) (*)	12.75	12.95	12.92	13.11	13.02	13.04	11.01
Total bargains	19,744	19,184	18,080	18,750	18,220	17,815	15,432
Equity turnover £m.	—	190.32	190.52	213.00	253.76	214.54	140.59
Equity bargains	—	16,115	14,476	14,927	15,536	16,165	12,996
Shares traded (ml)	—	128.9	121.2	127.3	231.5	123.7	99.3

10 am 697.6. 11 am 699.2. Noon 696.8. 1 pm 696.8. 2 pm 699.2. 3 pm 696.5.

Basis 100 Govt Secs 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.02.

HIGHS AND LOWS / S.E. ACTIVITY

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low		Sept. 12	Sept. 9
Govt. Secs...	83.60 (15/8)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains...	169.7	137.5
Fixed Int....	84.74 (15/8)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains...	104.4	93.8
					Value	384.7	385.1
Ind. Ord......	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)	5-day Avrge Gilt-Edged Bargains...	148.1	142.1
Gold Mines.	734.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains ...	100.1	101.6
					Value........	429.4	410.6

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (48)

BRITISH FUNDS (1)
Treas. 3pc 1985
AMERICANS (2)
Intl. Tel. & Tel. Rexnord
CANADIANS (1)
Rio Algom
BANKS (5)
ANZ Nat. Com. Bk. Aust.
Gerrard & Natl. Seccombe, Marshall
Mercury Secs.
BUILDINGS (1)
Ruberoid
STORES (2)
Home Charm Northern Goldsmiths
ENGINEERING (2)
Cohen (A.) Meggitt
FOODS (1)
Low (Wm.)
HOTELS (2)
Kennedy Brookes Wheeler's Restnts.
INDUSTRIALS (6)
Brit. Vita Royal Worcester
Dwek Group Standard Fireworks
Hartons Group Wood (Arthur)
INSURANCE (1)
Ennia UK 9pc Cnv.
LEISURE (1)
GRA Group
MOTORS (1)
Herman Smith
PROPERTY (1)
Lend Lease
SHIPPING (1)
Gotaas-Larson
SHOES (2)
Garnar Booth Strong & Fisher
TRUSTS (14)
City & Comm. Cap. New Tokyo Inv.
Danae Cap. N. Atlantic Secs.
English & Intl. Outwich
Fleming Japanese Rosedimond Cap.
Do. B Scot. Cities A
G.T. Japan Wemyss
Marine Adv. Sailing M & G Group
OILS (1)
Bridge Oil
PLANTATIONS (1)
Harrisons Mly. Plnts.
MINES (2)
Sons of Gwalia Consld. Murchison

NEW LOWS (24)

BREWERS (3)
Boddingtons Morland
Greene King
BUILDINGS (2)
Jarvis (J.) RMC Group
STORES (4)
Bambers Stores Gt. Universal
Menzies (J.) Do. A
ELECTRICALS (2)
CPU Computers ICL
ENGINEERING (3)
Camseal Hawker Siddeley
Farmer (S. W.)
FOODS (1)
Northern Foods
INDUSTRIALS (2)
Barget Moben Group
INSURANCE (1)
Trade Indemnity
LEISURE (1)
Leisuretime Intl.
PROPERTY (1)
HK Land
TRUSTS (3)
Gresham House OTL
M & G 2nd Dual Cap.
MINES (1)
Admiral Mines

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	16	46	39
Corpns. Dom. and Foreign Bonds ...	7	11	60
Industrials	41	239	1,192
Financial & Props.	42	179	296
Oils	13	51	48
Plantations	3	4	14
Mines	17	84	63
Others	64	63	64
Totals	203	577	1,776

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Pearson (S.)	19	354	+22
Barclays Bank	15	486	+17
GEC	15	198	−1
Glaxo	14	770	−5
Beecham	13	332	+6
Thorn EMI	13	598	+2
Britannia Arrow	11	87	+2
Inter-City Inv.	11	81	−3
Nat West Bank	11	615	+15
Cable & Wire.	10	482	+5
RTZ	10	658	+5
BSR	9	152	+2
Cons Gold Flds	9	634	−6
BP	8	436	+2

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 12	Sept 23	Dec 8	Dec 19
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16

For rate indications see end of Share Information Service

Money was given for the call of London and Liberal, Celtic Haven, Eden Spring, BSR, Sound Diffusion, Polly Peck, Premier Consolidated, Bellair, North Kalgurli, Bambers, Selincourt, Renold, Butterfield Harvey, Sangers, Edward Jones, Comtech, Mettoy, Inter-City, Westland, New Court Natural Resources. No puts were reported, but a double option was arranged in Land Securities.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res.	355	−15
Brit. Aerospace	190	+15
BP	422	−14
Burmah Oil	180	—
Cons. Gold Fields	614	+9
Costain Group	226	−2
Fleet Hldgs.	126	−1
Garnar Booth	102	+12
ICI	526	−4
RMC Group	331	−10
Strong & Fisher	62	+12
Tate & Lyle	354	−8

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
CONSTITUENT CHANGES: Huntleigh Group (10) and Brocklehurst Inv. Trust (71) have been deleted and replaced by Oceonics Group (4) and London Inv Trust (70). NAME CHANGE: Town and City Properties is now Sterling Guarantee Trust (49).

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS: 8,669

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Sept. 13 Total Contracts 1,882 Calls 1,128 Puts 754
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97¼	93¾	Do. 9¼pc '84-85	96½		9.59	11.18
96¼	81¼	LCC 5½pc '82-84	96¼		5.71	10.11
83⅞	78¾	Do 5½pc '85-87	82½		6.67	11.32
81	75	Do 6¾pc '88-90	79½		8.61	11.35
26⅜	23¾	Do. 3pc '20 Aft.	24¾xd	−¼	12.08	—
102½	100	Sunderland 12¾pc 1984	101⅝		12.06	10.73

COMMONWEALTH AND AFRICAN LOANS

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	94¼	Aust. 6pc 1981-83	100⅞	−⅛	6.04	8.93
78¼	74¼	N.Z. 7¼pc 1988-92	78¼xd	+¼	9.42	11.45
92¼	88¼	Do. 7½pc '83-86	91xd		8.40	12.13
181	158	S. Rhod 2½pc Non-Ass.	181		—	—
86	74	Do 3½pc 80-85 Assd.	82		4.35	14.80
57	44	Do 4½pc 87-92 Assd.	54		8.36	13.90
395	321	Zimbabwe Ann (£100pa)	385	+1	—	15.39

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	71¼	Agric. Mt 5pc '59-89	73½xd		6.89	11.58
35½	31¼	Met Wtr 3pc 'B'	35		8.57	11.20

LOANS—continued

1983 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Financial				
102½	101	Inv in Ind 14pc 1983	101 1/16	+ 1/16	13.87	10.27
96	92	Do 6¾pcDb '81-84	96xd		6.51	10.00
106½	96¼	Do. 10¼pc Uns Ln '86	98½		10.88	11.25
104	96½	Do. 11pc Uns Ln. '88	99	...	11.35	11.95
104½	97½	Do 11¾pc Uns Ln '90	100½	....	11.94	12.10
106½	91½	Do. 12½pc Un. Ln. 1992	101½xd	+½	12.32	12.20
78¼	74½	Do. 7¼pc A Deb '89-92	76½		9.75	11.90
77½	70½	Do. 7¼pcADeb '91-94	73¾xd	+¼	9.83	11.50
87½	80½	Do. 9pc 'A' '91-94	82½xd		10.91	11.90
86	72⅞	Do. 8⅞pcLn. '92-97	82	...	10.98	11.60
		Building Societies				
100⅛	99¼	N'wide 11½pc 3 10 83	100	..	—	—
99¾	98	Do. 9⅞pc 31 10.83	99¾	..	9.96	11.16
99¼	98	Do. 9⅞pc 28.11.83	99¼xd	.	9.90	10.53
100½	99⅛	Do. 11¼pc 19 12.83	100⅛xd	....	11.24	10.46
100⅞	99	Do 11⅞pc 23 1 84	100½	.....	11.82	10.20
100⅞	100	Do. 11⅞pc 13.2.84	100½		11.82	10.53
100⅝	99	Do. 11¼pc 19.3 84	100⅝xd	..	11.18	10.12
100⅝	99⅞	Do. 11¼pc 9.4.84	100⅛xd	.	11.19	10.41
100¼	99½	Do 10¾% 30/4/84	99¾		10.71	11.13
100⅛	99⅝	Do 10⅞% 29/5/84	99⅞	..	10.89	11.04
100 7/16	99½	Do. 10⅞pc 18.6.84	99¾	...	10.90	10.67
100	99½	Do 10⅝pc 9.7.84	99¾	.	10.59	10.90
100⅛	99¼	Do. 10⅞pc 30.7.84	100⅛	.	10.86	10.75

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

1983 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
315	190	ANZ $A1	315	+5	Q28c	3.1	5.1	6.3
295	235	Alexanders D £1	245	+5	20.0	—	11.7	—
£93	£66	Algemene Fl.100	£82	..	v026%	1.8	7.0	7.9
157	89	Allied Irish	135	−3	Q49%	4.2	7.1	4.6
110	77	Arbuthnot (H.) 50p	85	.	3.5	—	5.9	—
275	170	Bk. Ireland £1	240	−5	hQ24.9	—	8.1	—
3½	1½	Bank Leumi	1¾	...	—	—	—	—
170	130	Bk. Leumi (UK)£1	160	...	10.15	—	9.1	—
525	420	Bank Scotland £1	488	...	24.0	3.6	7.0	4.3
534	385	Barclays £1	493	−2	†22.0	3.6	6.4	4.9
310	235	Brown Shipley £1	305	.....	7.75	—	3.6	—
410	315	Cater Allen £1	360	...	26.95	—	10.7	—
114	78	Charterhouse Gp.	101	+2	†5.18	1.6	7.5	(10.0)
44	32	Clive Dis'nt 20p	39	+1	3.2	—	12.4	—
980	650	Com'zbk DM 10	845	...	—	—	—	—
£22¼	£10¾	C'hgn. Hbk. Kr100	£19	..	v015%	—	8.5	—
9	6½	Dawes (G. R.)	7	...	—	—	—	—
£94	£68½	Deutsche Bank DM50	£75	−2	v22%	—	3.6	—
196	103	English Assoc.	168	−3	3.0	♦	2.7	♦
66	39	First Nat. 10p	51½	−2	—	—	—	4.1
5¼	¼	Do. Wrrts 75-83	2½		—	—	—	—
212	161	Gerrard Natnl.	212	+2	h10.0	—	6.7	—
59	43	Goode D't Mry 5p	56	−1	1.0	—	2.6	—
208	130	Grindlays	130	..	4.38	3.0	4.8	9.9
58	39	Guinness Peat	50	...	B—	—	—	—
140	100	Hambros 5p	126	−2	5.28	—	6.0	—
277	177	Hill Samuel	253	−4	9.1	—	5.1	—
86½	62	Hong Shng. $2.50	62xd	−3	†055c	—	7.8	—

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
23	9½	Keep Trust 5p	12½	–½	0.15	—	0.2	—
210	140	Kelsey Inds.	183	.....	8.0	1.7	6.2	12.6
155	110	Kershaw (A.) 5p	150	+5	‡15.0	0.6	‡	(22.0)
67	39	Kleen-E-Ze Hldgs.	67	.....	3.0	♦	6.4	♦
101	52	L.C.P. Hlds	97	–3	3.6	1.2	5.3	(21.9)
32	14	LDH Group	27	.....	—	—	—	—
145	103	L.R.C. Int. 10p	124	–3	3.25	2.3	3.7	14.7
32	17	Lamont Hldgs. 10p	29	+1	1.3	1.8	6.4	11.4
40	26	Lawtex	34	.....	—	—	—	—
480	345	Lep Group 10p	475	–5	17.5	0.3	5.3	65.8
36	22	Lilleshall 10p	36	.....	d1.0	—	4.0	—
390	61	Lon. & Liv. 10p	65	.....	h2.75	3.5	6.0	5.8
140	102	London & Mid'd	124	–1	7.75	♦	8.9	♦
110½	38	Lon. & Nthn. Grp.	76	.....	F4.2	♦	7.9	10.7
40	23	Lon. Priv Health	27	.....	—	—	—	13.5
65	46	Longton Inds.	57xd	.....	1.0	—	2.5	—
120	70	Low & Bonar 50p	106	–6	†5.0	2.8	6.9	(5.8)
48	32½	MCD Group	47	.....	u1.0	2.2	3.0	21.4
87	62	MMT Computing 5p	80	.....	b1.68	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	23	.....	0.1	—	0.6	—
212	135	M'Cthy Ph. 20p	139	–4	7.0	2.7	7.2	6.6
148	128	Macfarlane Gp.	147	–1	†3.52	2.1	3.5	17.8
46	33	Maclellan 20p	33	.....	d1.5	1.6	6.5	11.8
63	48	Macpherson (D.)	50	–3	4.2	0.6	12.0	(18.9)
56	41	Magnolia Group	53	.....	2.3	3.2	6.2	6.2
180	65	Man. Ship Can. £1	140	.....	3.5	6.8	3.7	4.2
73	48	Marley	65	–1	†2.5	0.5	5.5	(42.2)
43	30½	Marling Ind. 10p	42½	.....	1.08	♦	3.6	♦
34	25	Marshall L'xy. 'A'	29	.....	1.2	—	5.9	—
68	44	Marshall's Univ	46	.....	B—	—	—	90.8
32½	23	Martin-Black	29	.....	—	—	—	—
£130	£103	Mathesons 7¾%	£104	.....	Q7¾%	2.3	(7.4)	—
266	154	Metal Box £1	240	–10	11.55	1.6	6.9	(9.6)
131	104	Metal Closures	113	.....	5.7	1.8	7.3	(7.2)
12	6	Metamec Jentique	9½	.....	‡0.5	—	‡	—
50	3	Mettoy	11	–1	—	—	—	—
138	70	Midland Marb Grp	136	–3	4.0	2.1	4.3	15.9
56	30	Moben Grp 1p	30	–1	†0.19	15.4	0.9	7.3
£260	£150	M'santo 5pc 82-6	£257	+1	Q5%	—	†2.0	—

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Authorised Units—continued

Equity & Law Un Tst Mngs (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377

Euro Tst Acc	58 9	63.3xd	.	1.55

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 6AN. 01-638 5858

AmExFd*	£269.34	275 29	...	0.63
JapExFd*	£155.42	160.48		1.15

Next subscription day Sept 16 1983.
*Fleming American Property Unit Trust.
Latest issue price (15 8) US$10.587.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (24 6) £2 067.
Units are issued on March 25, June 24, Sept 29 & Dec 25
*Unauthorised.

Guardian Royal Ex Unit Mgrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 2020

(b)GRFGrFI	117 14	115 8xd	−0.2	10 02
(g)GRENthAm	94.7	101 9	−0.4	2.45
(a)GREPacT	103 8	111 7	−0.4	1 12
(b)PrptySiT	96.5	103 8	−0.5	2.11
(b)GREGthEq	98 1	105.5	+0.3	2.51
GRESmlC	111 3	119 7	−1.3	1.30
GShillTst	180 0	186 5xd	−3.6	3 42

H B L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277-227300

Smllr Cos Tst	51.0	53.7	−0 2	3 03
N Amer Tst	48 3	50 8	−0 2	2.78
JapanFarETst	51.8	54.5	−0.6	1.32

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP 0708 45322

AustFrsGw	110.5	116 4	. .	1 61
BrewinsCap	84 7	89 2	.	0 58
BrewinGtIn	76.4	80.5	.	3.91
CanGwthFd	108 5	16.7	. .	0.96

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq Edinbgh 2. 031-225 6001

CharlotteSqFd	—	50 0		2 8
Penny Sh Fd	14.0	15.0	. .	1 8
Aust & Pac	10.5	11.1	. .	0.55
High Yield	19 5	21 2xd	.	10 40
Do Accum	20.6	22.3xd	. .	10.40

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211

High Inc	128 8	138.5	−0 8	6.12
(Accum Uts)	130 7	140.4	−0 7	6 12
UK Growth	124.6	134.0	−0 9	3.19
(Accum Uts)	124 9	134.3	−0 9	3 19

MLA Unit Trust Management Ltd
Old Queen Street, SW1A 9JG. 01-222 8576

MLA Uts	182 1	191 2	−2 0	2 80
MLA Int	29 1	30.5	−0.1	0.82

The Money Market Trust
63 Qn Victoria St EC4N 4ST. 01-236 0952

Call Fund	—	—	9.45
7 Day Fund	—	—	9.50

*Unauthorised—Sterling Deposit Fund.

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dam, Luxembourg. Tel 47971

Actibonds In	—	$19 35	—

Alliance Capital Management Intl Inc
62/63 Queen St, London EC4 01-248 8881
Alliance International Dollar Reserves
Distribution Sept 1-5 (0.001194) (9.10%pa)

A IntHCCresSept8	$9.40	. . .	—
A Tech Fd Sept 6	$23 17	. . . .	—
Quasar Ass Sept 5	$62 51		—

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

Tech&Coms	£8 86	9 3	. . .	—

Jardine Fleming and Co Ltd
46th Floor, Connaught Centre, Hong Kong

JFM Curlin	$12 53	—	. .	9.40
Do Accum	$17 72	—	. .	—
JFATsefnc	$10.00	—	. .	—
Do(Accum)	$10 00	—	.	—
JFAmGwth	$9 64	—	.	—
Do Accum	$9 64	—	.	—
JFMCurln	$9 99	—	−0 01	—
Do Accum	$9 98	—	−0 01	—

Lazard Brothers and Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, C.I. 0534 37361

LazB FarE	$14 34	15 26		1 00
CeGBd	$1 293 06	1 313.28	. .	11.6

Insurances—continued

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FINANCIAL TIMES

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

"Asset Builder"	64.8	68.7	...	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Sept 1	61.3	66.1	...	—
MM Flexible Sept 1	52.6	55.4	...	—
Fixed Interest Sept 1	54.7	57.7	...	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	294.7	—	+1.0	—
Invest. Tst. Fd. Acc.	310.9	—	+1.1	12.3
Property Fund Cap.	117.1	—	..	—
Property Fund Acc.	123.2	—	.....	4.2
Flexible Fund Cap.	182.0	—	+1.5	—
Flexible Fund Acc.	191.4	—	+1.5	4.3
Fixed Int. Fd. Cap.	137.3	—	+1.6	—
Fixed Int. Fd. Acc.	144.7	—	+1.7	—
Gtd. Deposit Fd. Cap.	138.8	—	...	—
Gtd. Deposit Fd. Acc.	145.1	—	.....	—
Equity Fund Cap.	130.1	—	-1.0	—
Equity Fund Acc.	136.5	—	-1.1	—
International Fd. Cap.	138.9	—	-0.2	—

Perpetual U.T. Mgrs (Jersey) Ltd.
See adjacent Page Mon-Fri. and Stock Exchange Dealings Page Sat.

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	$4.63	4.98	...	—
Far East Fund	$3.29	3.55	...	—
Intl. Currency Fund	$1.69	1.83	...	—
Dollar Fxd. Int. Fund.	$3.57	3.85	...	—
Ster. Exempt Gilt Fd.	£2.19	2.36	...	—

Providence Capital International Ltd.
PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£1.432	1.540	...	—
Intl. Stockmarket	$1.024	1.102	...	—
World Technology	$1.26	1.356	...	—
N. Am. Stockmarket	$1.205	1.296	...	—
Far East	$1.041	1.120	...	—
UK Fixed Interest	£1.321	1.421	..	—
Intl Fixed Int.	$1.085	1.168	...	—
Intl. Currency	$1.013	1.090	...	—
Intl. Money Market	$1.063	1.144	...	—
U.K. Money Market	£1.031	1.110	...	—
Stlg. Mangd. Fd	£1.212	1.304	...	—
Dollar Mangd Fd.	$1.135	1.221	...	—

Savings Target Rate 17½.
Prices on September 7. Next dealing Sept. 14
For Guest Fund Man. (Jersey) see Royal Trust Intl. Mngt.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Resources Fd	$142.73	$3.00		2.1

Next dealing date Oct 3

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd	£1.10	1.16	...	—
US $ Option	$1.01	1.06	-0.01	2.50

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.42	-0.04	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	26.8	27.9	...	—
Chinese Fund	70.1	73.0	...	—
Precious Metal Fund	124.9	130.0	...	—
Vanguard Cmdy. Fd.	39.4	40.4	...	—
Financial Futures Fd.	78.8	82.0	...	—
Wren Intl. Fnd.*	$0.687	0.716	...	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Bullish response to crop report

BY NANCY DUNNE IN WASHINGTON

TRADERS AT the Chicago Board of Trade initially reacted bullishly yesterday to Monday's Government crop report which said that the worst U.S. drought in half a century would reduce maize production to 4.39bn bushels and soya bean output to 1.53bn bushels.

When the markets opened, soya bean prices were up 23-26 cents a bushel over Monday's close at $9.38 a bushel and maize was up more than 5 cents a bushel to $3.70. Wheat rose 3 cents a bushel with the other grains, although the Department of Agriculture (USDA) said output will be down only 14 per cent from last year.

Prices turned sharply down somewhat in later trading because of uncertainty that the new report had already been built into the market and in anticipation of a bearish Government supply-demand report throughout late Tuesday. Traders believe the new report would show a decline in both domestic and export usage of maize and wheat.

The report is unlikely to have any effect on soya beans. The 1.53bn bushel crop predicted by USDA is likely to produce a negative carryover in stocks, traders say, unless prices rise swiftly to reduce demand.

Traders are expecting the Government's October crop report to show even steeper production declines than those already reported while the September estimate showed sharply lower yields, planted acreage was reduced only slightly.

It is expected that the continued drought in September will lead to widespread crop abandonments as farmers decide against harvesting.

Livestock 'bloodbath'

CHICAGO — While the grain markets are strong now, "the fireworks in livestock will transpire in the next year," according to Mr Richard Gady, vice-president and chief economist for Conagra.

Mr Gady said livestock producers were reducing production, after several years of declining domestic red meat consumption.

With escalating feed prices due to the drought, "the grain market is sending strong signals to livestock people to cut back," he added.

Livestock slaughter is increasing, but stable production probably will not occur until 1984, he said.

"It's a real bloodbath out there, particularly for cow and calf producers. Cattle feed prices are not a pretty picture either."

Beef production is a "vicious cycle of reaction," he said. Low feeder calf prices encourage slaughter, which brings more meat to the market and subsequently lower prices.

"The cycle feeds on itself. Throw in a drought, which dries up pasture and higher grain prices and there is even more liquidation."

While prices are low, ironically, cattle weights are up. "Weights have got out of hand. It makes no economic sense, but when prices are low, producers hesitate to market."

"As the economy picks up, agriculture usually lags by about one year. But as 1984 nears, we'll see better demand translated to the meat sector."

Slaughterings will be high through the first quarter of 1984, he said. Cattle prices could range from 57 to 59 cents a lb for the rest of the year, then rise to about 63 cents in the first quarter of 1984.

Reuter

Copper and silver set Comex records

By Nancy Dunne in Washington

IN A BURST of metals-trading activity, both copper and silver futures have broken all-time volume records at Commodity Exchange (Comex).

In the first eight months of trading, both metals surpassed volumes achieved for the whole of last year. More than 2.3m copper contracts changed hands between January and September 1, a 59 per cent increase in volume over 1982.

More than 4.1m silver contracts were traded between January 1 and August 24, surpassing the previous record set in 1979.

Meanwhile, crude oil open interest on Nymex has soared to almost 8,000, achieving the most rapidly expanding growth of any previous energy contract. Heating oil took two years before surpassing the 7,000 mark and regular leaded gasoline took about 16 months. Crude oil futures have been trading a mere 21 weeks.

● PENINSULAR Malaysian rubber production in June rose to 119,528 tonnes from a revised 98,903 in May but was below the 130,060 tonnes in June last year.

● INDONESIA aims to produce up to 3m tonnes of white sugar by 1988 and hopes to be exporting about 70,000 tonnes a year by 1996.

● THE UN Food and Agriculture Organisation forecast a fall in world oilseed product output in 1984 after two years of increases to new record levels. It puts output of edible and soap fats and oils at 62.8m tonnes next year.

● U.S. AGRICULTURE Secretary John Block estimates that drought damage to U.S. crops will add 1.5 percentage points to food price inflation next year.

Mellow mood likely at coffee agreement talks

THIS MONTH'S final meeting of the International Coffee Organisation (ICO) under the current International Coffee Agreement (ICA) should, by normal standards, be a fairly mellow affair. The expiring agreement has been surprisingly successful over the past year in its principal purpose of stabilising the world coffee market, and the new six-year pact, which replaces it on October 1, has already been negotiated.

The only remaining major issues to be decided at the September 19-30 session are the global export quotas for 1983-84 — individual country shares were agreed nearly a year ago — and the price range defended by the agreement.

There will, however, be some niggling problems to be sorted out and, in the background, the awareness of some much more serious problems being stored up for the future.

The inescapable fact is that world coffee production is in structural surplus and market balance can be bought only at the price of ever-rising surplus stocks — unless the Brazilian weather steps in to save the day.

Luckily for Brazil, but unluckily for the rest of the world's coffee producers, it has failed to do this for the last two seasons.

A severe frost in 1981 cut Brazil's coffee production in 1982/83 to about 17.5m bags (60 kilos each) from 33m in 1981-82. A frost-free 1982 winter has since allowed the 1983-84 crop to recover to an estimated 30.75m bags, boosting world stocks to around 48m or half annual world production, and another Brazilian bumper crop this year promises to lift the surplus still higher.

This might seem a recipe for falling prices but in fact the market has remained remarkably steady. For most of this year coffee prices on the London futures market have remained within a £220 range, breaking through its upper limit of around £1,760 only when an artificial supply squeeze and a short-lived Ivory Coast crop scare (following bush fires) pushed the second position futures price to £1,940.50 a tonne in late March.

The market's resistance to downward movement can be attributed almost entirely to the operation of the ICA. This agreement seeks to balance supply with demand by cutting or increasing producer export quotas when prices move outside a predetermined range.

This year, however, stability has been achieved without the expected quota cuts being triggered. Traders attribute this to the ICO's ploy of delaying the release of a proportion of the final quarter (July-September) quota from August 15 to September 15 thus effectively removing much of this coffee from the 1982/83 marketing year.

Richard Mooney looks at problems percolating in the coffee market

But it will, of course, tend to reduce demand for coffee from the 1983/84 first quarter quota. The ICO is expected to attempt some fine tuning on that quota by repeating arrangements introduced last year when it withheld 500,000 bags from the quota unless the indicator price reached 137.5 U.S. cents (7.5 cents above the floor level) on or after November 15.

Consumer delegations can be expected to seek a reduction in this secondary trigger level at this month's meeting, arguing that this would tend to discourage excess production, while producers will seek a rise to cover inflation. A compromise at around last year's level is widely anticipated.

Another issue likely to rouse heated debate is the discount price at which ICO producers have been selling coffee to non-member consumers. At times this year the price to nonmembers was half that charged to members, and this fact will be used to support arguments for a reduction in the agreement's floor and ceiling prices.

While ICO producers account for 99 per cent of world output consumer members account for less than 90 per cent of usage and this is believed to have resulted in a growing "clandestine" trade.

ICO figures showing that sales to non-members grew to 9.5m bags last season from 5.7m in 1979 have convinced many observers that much of this coffee is being secretly sold on to member countries at knockdown prices, a thesis supported by the fact that sales to some non-members have been well in excess of their normal annual consumption.

Tighter controls have been imposed to monitor non-member trade but some traders doubt the ability of the ICO to prevent back-door sales and feel, in any case, that the scale of the problem has been exaggerated.

The U.S. is expected to demand changes in the administration of the ICO's quota system to ensure that quota adjustments reflect the supply/demand balance for individual types of coffee rather than just the global position.

The Americans are known to be heavily committed to this principle, known as "selectivity" and have the backing of most other consumer delegations. They will face stiff opposition, however, from producers, who prefer the global approach.

● A comprehensive guide to the production, trading and consumption of coffee has been published by Woodhead-Faulkner of Cambridge. The World Coffee Trade is written by Mr C. F. Marshall, for many years a leading coffee trader in London, and is priced at £17.50.

● THE IVORY Coast is trying to improve the quality of its coffee crop by delaying picking beans, says Marseilles dealer Georges Daras.

● A POWER failure stopped trading for 40 minutes yesterday in the London robusta coffee futures market.

Devon still awaits rain

ANOTHER week of rain is needed to alleviate fears of further water restrictions in Devon, according to the South West Water Authority. A spokesman said the situation in north and mid-Devon was most critical, with the Wistlland Pound reservoir less than 40 per cent full.

"Large savings are essential," he said. "Without prolonged rainfall and a large cut in consumption, further restrictions on use will be inevitable."

Dairy dispute unresolved

GENEVA — The European Community and the U.S. failed to resolve a dispute over a U.S. sale of 28,000 tonnes of butter and cheese to Egypt.

At a special meeting yesterday of the International Dairy Council, a forum of the General Agreement on Tariffs and Trade (Gatt) grouping all major dairy-producing countries, the EEC asked the U.S. to pledge to renounce further sales at prices below world levels.

The U.S. was not prepared to give that pledge, saying the sale was above world prices and therefore within Gatt rules, trade sources said.

Yesterday's meeting was requested last month by the Community, which said the sale was an unfair trade practice violating Gatt rules because it injured the EEC's interests in Egypt, which it views as a traditional European market.

It was agreed that the issue will be discussed at the next regular meeting

Reuter

Zinc leads LME slide in base metals

BY RICHARD MOONEY

FALLS IN oil and precious metal prices, coupled with hopes that Brazilian debt repayment plans might help avert an international monetary crisis, pushed base metals prices lower on the London Metal Exchange yesterday.

The heaviest fall was in zinc, which ended £17.50 down at £555 a tonne for the cash quotation. Cash zinc has now fallen £24.50 below the nine-year high reached at the end of last month as the recovery in the motor industry encouraged expectations of a sharp rise in demand.

There have been no fundamental developments to explain the change of sentiment and dealers see the fall, mainly as the result of speculative selling by long holders who have given up hopes of further substantial gains in the near future.

Zinc's fall was thought to be a factor encouraging a further decline in copper prices. Cash high grade copper finished the day £14.50 lower at £1,058 a tonne, the lowest level since mid-March.

The lead market was featureless but followed the general trend with cash metal ending £2.75 down at £26.25 a tonne. Tin was supported by International Tin Agreement buffer stock buying and ended £17.50 higher at £8,425 a tonne.

Cash aluminium recovered a little after a heavy decline in early trading but still ended the day £5.50 down at £1,088 a tonne,

PRICE CHANGES

In tonnes unless stated otherwise

	Sept. 13 1983	+ or —	Month ago
Metals			
Aluminium	£1060		£1050
Free Mkt	[illegible]		[illegible]
Copper			
Cash h grade	£1058	—14.5	£1096
3 mths	£1087.25	—15	£1122.25
Cash Cathode	£1025	—15	£1084.25
3 months	£1055.5	—13.5	£1091.5
Gold troy oz	$406.875	—7.5	$422.625
Lead Cash	£286.25	—2.75	£264.75
3 months	£276.25	—2.75	£274.75
Nickel	£4446.34		£4425.34
Free mkt	225/235c		226/250c
Palladium	$153.25	—3.25	$153.00
Platinum	$395.00	—3.75	$395.00
Quicksilver†	$335/350		$330/350
Silver troy oz	722.40p	—24.5	806.00p
3 months	742.15p	—24.45	827.20p
Tin cash	£8425	+17.5	£8427.5
3 month	£8556	+28.5	£8456.5
Tungsten	$74.81		$82.77
Wolfram 22.04 lb	$76/82		$78/77
Zinc Cash	£555	—17.5	£541.5
3 mths	£571.5	—19	£567.25
Producers	$880		$880

	Sept. 13 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$1015.5y	+17.5	$1005
Groundnut	$1045x	+10	
Linseed Crude	£550	+35	£397
Palm Malayan	$660u	+30	$657.5
Seeds			
Copra Phil	$650x	+8	$650
Soyabean (U.S.)			$356
Grains			
Barley Fut. Nov	£119.10	+0.15	£117.90
Maize	£140.00	+1	£142.00
Wheat Fut. Nov	£124.10	—0.05	£126.10
No2 Hard Wint			
Other commodities			
Cocoa ship't*	£1430	—10	£1695.5
Futures Dec	£1674.5	—10	£1650.5
Coffee Ft. Nov	£1705	+7	£1694.5
Cotton A. Index	91.95c		90.60c
Gas Oil Oct	$258.5		$249
Rubber (kilo)	78p	+1	82.5p
Sugar (Raw)	£160y	+8	£179y
Woolt'ps 64s	595p kilo		596kilo

† Unquoted. x Aug-Sept. u Nov. y Sept-Oct. z Oct-Nov. v Oct. † Per 16lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.80	
Iranian Light	28.90	
Arabian Heavy	26.50-26.75	
North Sea (Forties)	30.00-31.10	—0.05
North Sea (Brent)	30.50	
African (Bonny Lt)	30.40-30.80	
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	285-297	
Gas oil	247-250	
Heavy fuel oil	167-169	—1.0

GAS OIL FUTURES

The market opened a shade lower and eased through the morning reflecting a lack of buyers on the physical market. A steady New York opening moved prices to the highs in mid-afternoon, and the market remained steady until the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept.	247.75		
Oct.	252.50		
Nov.	256.00		
Dec.	258.50		
Jan.	257.25		
Feb.	254.00		
March	251.00		
April	246.00		
May	244.50		

Turnover: 1,847 (2,221) lots of 100 tonnes.

GOLD MARKETS

Gold fell $7¼ to $406¾-407¼ on the London bullion market yesterday. The metal opened at $407¾-408¼, at a result of selling pressure in New York on Monday, and was fixed at $406¾ in the morning and afternoon. It touched a peak of $407¾-408¼, and a low of $404¾-405¼.

In Paris the 12¼ kilo gold bar was fixed at FFr 105,700 per kilo ($407.08 per ounce) in the afternoon, compared with FFr 105,700 ($408.52) in the morning, and FFr 107,700 ($418.59) Monday afternoon.

In Frankfurt the 12¼ kilo bar was fixed at DM 35,075 per kilo ($406.27 per ounce), against DM 35,690 ($418.03), and closed at $406¾-407, compared with $415¾-416¼.

In Luxembourg the 12¼ kilo bar was fixed at the equivalent of $407.25 per ounce, against $417.00.

In Zurich gold finished at $406-409, compared with $415-$419.

	Sept. 13		Sept. 12	
Gold Bullion (fine ounce)				
Close	$406¾-407¼	(£271¼-271½)	$414-414¾	(£275¼-276)
Opening	$407¾-408¼	(£272-272¼)	$415½-417¼	(£276¾-277¼)
Morning fixing	$406.75	(£271.438)	$416.90	(£276.916)
Afternoon fixing	$406.75	(£271.637)	$415.75	(£276.509)
Gold Coins Sept. 13				
Krugrnd	$417-417½	(£279-279¼)	King Sov	$96-98½
½ Krug	$214¼-215¼	(£143¼-144¼)	Victoria Sov	$96-99½
¼ Krg	$110-110¼	(£73¼-74)	French 20s	$76¾-81¼
1/10 Krug	$44¾-45¼	(£29¾-30¼)	50 pesos Mex	$497-499
Mapleleaf	$416¾-417¼	(£279-279¼)	100 Cor. Aust.	$396-398
New Sov	$95¼-96¼	(£63¼-64¼)	$20 Eagles	$585-595

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Sept.	406.70-07.2	—6.700	
Oct.	408.60-09.0	—7.150	408.50-08.5
Nov.	411.50-13.0	—7.000	
Dec.	414.90-15.0	—7.750	418.00-18.1
Jan.	418.50-19.5	—7.250	
Feb.	422.00-22.5	—7.300	426.00-22.0
April	426.00-27.0	—7.350	

Turnover: 751 (402) lots of 100 troy ounces.

EUROPEAN MARKETS

ROTTERDAM, September 13.

Wheat—(U.S. $ per tonne): U.S.-Red Winter Oct 170, Nov 173.75, Dec 176.50. U.S. Northern Spring 14 per cent protein Oct 187, Nov 188.50, Dec 193.50. U.S. Three Amber Durum Sept 214, Oct 213, Nov 217.

Maize—(U.S. $ per tonne): U.S. Three Yellow Sept 165.75, Oct 164, Nov 164, Dec 165, Jan/March 169, April/June 172 sellers. Argentine: Afloat 172, Oct 172 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Oct 366.50, Nov 367.50, Dec 372.50, Jan 376.80, Feb 381.50, March 384.10, April 388, May 390 sellers. Argentine: Sept 361.50 sellers.

Soymeal—(U.S. $ per tonne): 44 per cent: Afloat 292, Sept 292, Oct 292, Nov 297, Nov/March 302 sellers. Pellets Brazil: Sept 305, Oct 314, Nov 320 sellers. Pellets Argentine: Afloat 295, Aug 296, Sept 302, Oct 304.50, Nov 303, Dec 312 sellers.

PARIS, September 13.

Cocoa—(FFr per 100 kg): Sept 1,595/1,625, Dec 1,652/1,654, March 1,720/1,735, May 1,740/1,770, July 1,765/1,786, Sept 1,840 asked, Dec 1,855 asked.

Sugar—(FFr per tonne): Oct 2,147/2,154, Dec 2,365/2,532, May 2,615/2,620, Aug 2,656/2,705, Oct 2,745/2,760.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES came under heavy selling pressure on the London Metal Exchange as overnight weakness in New York prompted widespread profit-taking and selling in London. Zinc was a particularly weak market and dropped to close at £570.5 owing to commission house and chartist selling while Copper fell from £1,085 to close around the £1,085-7 level with heavy speculative selling only partly met by trade support. Aluminium attracted heavy speculative selling on the pre-market and fell to £1,112 before rallying to close the late kerb at £1,114.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	1058.5-9	—14.5	1057.5-8.5	—14.5
3 months	1085.5-6	—11.5	1087.5-5	—14.5
Settlem't	1064	—12		
Cathodes				
Cash	1032-3	—9	1025-7	—16
3 months	1054.5-5	—12.5	1055-6	—12.5
Settlem't	1034	—9		
U.S. prod.			*76-79	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1064.50, 64.00, three months £1094.00, 95.00, 94.50, 94.00, 93.50. Cathodes: Cash £1033.00, three months £1061.00, 62.00. Kerb: Higher Grade: Three months £1093.00, 92.00, 91.00, 90.00, 89.00, 88.00. Afternoon: Higher Grade: Three months £1088.00, 89.00, 88.00, 87.50, 87.00, 86.50, 86.00, 85.50, 86.00, 87.00. Kerb: Higher Grade: Three months £1087.00, 86.50, 86, 85, 86.5, 87. Turnover: 25,800 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8405-10	+5	8420-30	+17.5
3 months	8545-50	+25	8555-7	+28.5
Settlem't	8410	+5		
Standard				
Cash	8400-5		8420-30	+17.5
3 months	8545-50	+25	8555-7	+28.5
Settlem't	8405			
Straits E	$29.90	—0.05		
New York				

Tin—Morning: Standard: Cash £8400, 05, three months £8540, 45. High Grade: Cash £8405. Kerb: Standard: Three months £8550. Afternoon: Standard: Cash £8420, three months £8555, 50, 52, 55, 60. High Grade: Three months £8555, 57, 65. Kerb: Standard: Three months £8560, 45, 50. Turnover: 2,715 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	266.5-.75	+1.5	266-.5	—2.75
3 months	279.5-80	+1.5	276-.5	—2.5
Settlem't	266.75	+1.5		
U.S. Spot			*20-34	

Lead—Morning: Cash £269.50, three months £277.50, 78.00, 79.00, 79.50, 80.00, 79.50. Kerb: Three months £279.00, 78.50, 78.00, 78.00, 77.50, 77.00, 76.50. Afternoon: Three months £278.00, 77.50, 77.25, 77.00, 76.50, 76.00, 76.50, 76.25. Kerb: Three months £277.00. Turnover: 11,350 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	568.5-9	—5.5	564.5-5.5	—17.5
3 months	584.5-5	—6	571-.2	—19
Settlem't	569	—3		
Primw'st			*46-76	

Zinc—Morning: Cash £588.50, three months £587.00, 87.50, 87.00, 86.00, 85.50, 85.00, 84.50, 84.00, 84.50. Kerb: Three months £583.00, 82.00, 81.00, 80.00, 79.50, 79.00, 78.00, 77.00, 76.00, 77.00. Afternoon: Three months £277.00, 77.50, 77.00, 78.00, 76.50, 76.00, 72.00, 71, 70, 68, 66, 65, 64, 66.5, 67, 69, 71, 70. Turnover: 19,760 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	1086.5-7	—8.5	1087.5-8.5	—5.5
3 months	1115.5-6	—8.5	1116.5-7	—6.5

Aluminium—Morning: Three months £1113.00, 14.00, 14.50, 15.00, 15.50, 16.00, 17.00, 16.00, 17.00, 16.50, 16.00, 15.50, 16.00. Kerb: Three months £1116.50, 17, 17.5, 18, 17. Kerb: Three months £1114.00, 15, 14.5, 16, 15.5, 16, 15.5, 15.5, 16. Afternoon: Three months £1117.50, 17.00, 16.00, 15.00, 16.50. Turnover: 21,600 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3329-31	—15	3350-5	—16.5
3 months	3420-5	—15.5	3425-4	—15

Nickel—Morning: Cash £3,332, 31, 30, three months £3,430, 25, 23, 20, 18, 20. Kerb: Three months £3,420. Afternoon: Three months £3,425, 22, 20, 25, 24. Kerb: Three months £3,420. Turnover: 1,632 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover: 147 (40) lots of 10,000 ozs. Morning: Three months 814.0, 13.0, 12.5, 12.0, 06.0, 05.0, 05.5, 05.0, 05.1. Kerb: Three months 805.0, 05.0. Afternoon: three months 810.5, 10.0. Kerb: three months 808.0, 05.0, 04.0, 01.0, 02.0, 03.0, 04.0.

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	722.40p	—24.5	790.5p	—21
3 months	810.15p	—24.45	809.5p	—22
6 months	826.45p	—24.4		
12 months	870.85p	—25.3		

Silver was fixed 23.3p an ounce lower for spot delivery in the London bullion market yesterday at 722.4p. U.S. equivalents of the fixing levels were: spot $11.85, down 42c; three-month $12.13, down 43.5c; six-month $12.434, down 44.5c; and 12-month $13.071, down 48.5c. The metal opened at 793-795p ($11.88-11.92) and closed at 790-792p ($11.81-11.85).

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1,890-1,940.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse 1.80-1.87.

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 0.31-0.34, sticks 0.93-0.96.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse 5.70-5.80.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 337-351.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse 4.00-4.15.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse 4.20-4.75.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO₃, cif 77-81.

VANADIUM: European free market, min 98 per cent $ per lb V₂O₅, cif 2.20-2.25.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per lb, tonne lots, ex-warehouse 3.20.

COBALT: World, Zaire: Sozacom, $ per lb 12.50.

NICKEL: World, Inco, melting grade, $ per lb, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per lb U₃O₈ 24.00.

VANADIUM: Highveld fused min 98 per cent V₂O₅, $ per lb V₂O₅, cif 2.30.

ZINC: GOB producer basis, $ per tonne 880.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	1625-34	+8.0	1656-46
Dec.	1674-75	+10.0	1682-90
March	1592-94	+8.0	1612-90
May	1445-46	+5.0	1445-40
July	1458-59	+5.5	1453-51
Sept.	1445-50	+5.5	1470-41
Dec.			

Sales: 5,614 (4,807) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound): Daily price for Sept 13: 91.01 (92.00); five-day average for Sept 14: 93.84 (94.62).

POTATOES

After an initially steadier opening, with Dutch futures some £4 higher, buying interest fell away and prices fell in fairly thin trade to close slightly easier, reports Coley & Harper.

Month	Yest'rday's close	Previous close	Business Done
	£ per tonne		
Nov.	142.50	142.60	149.0-142.5
Feb.	174.00	176.00	178.0-174.0
April	205.50	206.70	212.0-204.5
May	210.90	212.90	218.5-210.3
Nov.	81.60	84.50	80.50

Turnover: 922 (1,653) lots of 40 tonnes.

COFFEE

Despite penetrating recent resistance the rise gradually lost momentum towards the close, reports Drexel Burnham Lambert.

COFFEE	Yest'day's close	+ or —	Business Done
Sept.	1722-32	+8.5	1735-15
Nov.	1703-05	+7.0	1708-00
January	1681-85	+7.0	1685-60
March	1604-05	+6.0	1659-35
May	1653-54	+5.0	1640-24
July	1630-35	+4.0	
Sept.	1600-10	+1.0	

Sales: 1,804 (1,085) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for September 12: Comp. daily 1979 126.09 (125.74); 15-day average 126.31 (126.30).

GRAINS

Business done—Wheat: Sept 122.90-2.50, Nov 124.35-4.00, Jan 127.05-6.80, March 129.65-9.35, May 132.40-2.25, July unt raded. Sales: 187 lots of 100 tonnes. Barley: Sept 116.95-6.85, Nov 119.30-9.20, Jan 122.55-2.40, March 125.30-4.95, May 127.40-7.00. Sales: 200 lots of 100 tonnes.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yest'rdays close	+ or —
Sep.	122.50	—0.15	116.85	+0.05
Nov.	124.10	—0.05	119.10	+0.15
Jan.	126.85	—0.05	122.35	+0.10
Mar.	129.35	—0.05	125.10	+0.15
May	132.25	—0.15	127.05	+0.15
July	136.00			

HGCA—Locational ex-farm spot prices. Feed barley: S. East 114.80, W. Mids. 115.20, N. West 115.80. The UK monetary coefficient for the week beginning Monday September 19 based on HGCA calculations using 5 days' exchange rates is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent Oct 137, Nov 137.50, Dec 139.75 trans shipment East Coast. English feed fob Oct/Dec 123.50 seller. Maize: French 2nd half Sept 145, 1st half Oct 145, 2nd half Oct 145.50, 1st half Nov 146 sellers. Barley: English feed fob Oct/Dec 124.50, Jan/March 127.50, April/June 132.50 seller. Rest unquoted.

The wheat and barley remained very quiet in a narrow range. Barley steadied to rally but fell back late in the day, reports Muirpace.

RUBBER

The physical market opened slightly higher, drifted lower throughout the day and closed quiet, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 254.75 (255.25) cents a kg and for SMR20 218.5 (same).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
	£ per tonne		
Oct.	740-745	745-752	
Nov.	745-750	750-755	
Oct-Dec	740-744	748-751	752-745
Jan-Mch	767-769	770-771	780-764
Apl-Jne	787-789	789-789	796-784
Jly-Sep	805-807	806-808	815-807
Oct-Dec	825-826	825-826	
Jan-Mch	840-841	840-845	848
Apl-Jne	861-865	860-865	868-859

Sales: 506 (287) lots of 15 tonnes: nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 73.00p (74.00p); Oct 77.50p (same); Nov 77.75p (same).

SOYABEAN MEAL

	Yesterday's close	+ or —	Business Done
	£ per tonne		
October	192.70-92.8	+8.85	192.00-87.50
Dec.	191.50-92.0	+8.60	193.00-88.00
Feb.	193.60-94.0	+2.70	194.50-88.00
April	191.80-94.0	+2.60	192.00-88.00
June	184.50-88.0	+3.75	184.00-81.00
August	171.00-81.0	+2.00	180.00
October	174.00-80.0	+3.00	

Sales: 343 (103) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £160.00 (£158.00) a tonne for Sept-Oct shipment. White sugar £179.50 (£180.00).

The market was unable to sustain the overnight levels and prices eased back. Although some commission house buying lifted values, New York was disappointing and the quotations slipped again by the close, reports C. Czarnikow.

No. 4 Contract	Yest'day's close	Previous close	Business done
	£ per tonne		
Oct.	169.75-70.00	171.25	171.25-68.75
Dec.	180.50-80.75	180.75-81.25	181.50-79.25
Mar.	189.05	191.50	191.75-88.50
May	185.50-84.00	196.25-96.50	195.50-85.75

Sales: 3,666 (2,565) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £269.50 (£267.50) a tonne for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 12: Daily price 9.82 (9.75); 15-day average 9.82 (9.67).

INDICES

FINANCIAL TIMES

Sept. 12	Sept. 9	M'th ago	Y'ar ago
289.55	291.45	294.56	250.59

(Base: July 1 1952=100)

REUTERS

Sept. 12	Sept. 12	M'th ago	Y'ar ago
1902.5	1904.1	1925.2	1522.6

(Base: September 18 1931=100)

MOODY'S

Sept. 12	Sept. 9	M'th ago	Y'ar ago
1078.1	1083.4	1087.0	1011.1

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept 11	Sept 10	Month ago	Year ago
Spot	144.91	145.95	147.71	129.5
Fut's	151.47	152.08	154.50	124.7

(December 31 1931=100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 550 tonnes. Business was again extensive and purchases ranged over numerous qualities. Users contemplated keeping supplies on a regular basis, and demand broadened in African and Middle Eastern styles.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business). New Zealand cents per kg: Oct 427, 428, nil; Dec 427, 429, 428; Jan 429, 430, nil; March 436, 438, 439-436; May 448, 462, 450-448; Aug 456, 461, 459; Oct 460, 465, 464-462; Dec 465, 470, 469-468; Jan 470, 475, 471; March 476, 485, 481. Sales: 57.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business) Australian cents per kg. Oct 589.0, 590.0, 590.0-586.0; Dec 573.0, 576.0, 576.0; March 597.0, 598.0, unquoted; May 605.0, 604.0, untraded; July 615.0, 616.0, untraded; Oct 608.0, 610.0, untraded; Dec 618.0, 622.0, untraded; March 624.0, 640.0, untraded. Sales: 57.

HIDES

HIDES—Birmingham (Manchester). Second clear. Ox: 31-35.5 kg 79.6p a kg (79.2p); 26-30.5 kg 83.0p a kg (79.8p); 22-25.5 kg 90.0p kg (91.4p). Light cows 25.5 kg 87.0p a kg (88.6p with-drawn).

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.15p per kg lw (+0.47). GB—Sheep 133.78p per kg est dcw (+4.26). GB—Pigs 77.36p per kg lw (+5.10).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 79.0-84.0; Eire hindquarters 95.0-99.0, forequarters 60.0-63.0. Veal—Dutch hinds and ends 144.0-148.0. Lamb—English small 63.0-68.0, medium 64.0-68.0, heavy 60.0-63.0. Imported: New Zealand PL 59.0-59.5. Pork—English under 100 lb 49.0-53.0, 100-120 lb 49.5-51.5, 120-160 lb 42.0-50.0.

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £6.00-8.40, codlings £5.50-5.80, large haddock £4.20, medium £3.50-4.20, small £2.60-3.70; medium plaice £3.50-4.70; best small £3.50; lemon sole (large) £14.00, (small) £8.00; saithe £2.00-3.50.

AMERICAN MARKETS

NEW YORK, September 13.

Precious metals steadied after after Monday's sharp break as bargain hunting established the initial levels of support. The markets were basically in a holding pattern waiting for the general confusion in other markets to clear up. Copper sold off moderately as the pressure of arbitrage selling was maintained throughout the day. Cocoa prices recovered on reports that the Ivory Coast requested delays on shipping commitments which the trade interpreted as indicative of a short rather than a larger crop. Coffee prices rallied on reports of a potential dock strike which quickly brought in commercial short-covering and speculative buying. Heating oil advanced on light buying ahead of the distillate stock report touching off stop-loss orders and short-covering. Sugar prices were nominally lower on indications that India was offering physicals in the market continuing her recent aggressive selling posture. Cotton prices sold off almost the full daily limit folowing a bearish crop report by the Government; heavy trade liquidation and massive commission house selling is the beginning of an overdue correction. The most dramatic action of the day took place in the grains and soyabeans. Soyabeans opened strong, sold off and eventually traded limit-up and finished almost limit down. Grains performed in a similar fashion without the limit moves. The strength in the markets was based on a bullish government crop report into which local traders sold heavily. Local selling attracted profit-taking and stop-loss selling. Markets suffered major damage from a technical point of view, reported by Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	1895	1895	1840	1850
Dec	1925	1928	1885	1876
March	1959	1960	1926	1914
May	1980	1980	1950	1935
July	1995	2000	1985	1955
Sept	2020	2020	1998	1976
Dec	2050	2060	2043	2003

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Sept	133.48	133.50	132.25	132.25
Dec	131.80	131.85	130.85	130.67
March	129.15	129.13	128.40	128.46
May	127.58	127.60	125.70	126.90
July	125.85	125.90	125.50	124.83
Sept	123.78			123.38
Dec	122.10	122.00	122.00	121.73

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Sept	71.90	72.00	71.70	72.40
Oct	72.00			72.60
Dec	72.90	73.30	72.75	73.50
Jan	73.30			73.85
March	74.20	74.30	73.90	74.75
May	75.00	75.10	74.80	75.55
July	75.90	75.90	75.60	76.40
Sept	76.70	76.80	76.50	77.20
Dec	77.80	78.00	77.70	78.35
Jan	78.20			78.75
March	79.00	79.00	79.00	79.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	77.75	79.75	77.75	79.70
Dec	78.80	80.30	78.80	80.80
March	80.12	81.40	80.10	82.12
May	80.90	81.90	80.90	82.90
July	81.60	82.60	81.50	83.60
Oct	77.00	77.85	77.00	79.00

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	407.1	408.0	404.5	405.3
Oct	409.1	410.0	406.0	407.2
Nov	412.4			410.7
Dec	415.6	416.5	412.5	414.3
Feb	422.0	424.0	419.5	421.2
April	428.8	430.5	425.5	428.0
June	437.6	437.5	434.0	435.0
Aug	442.3	443.0	440.5	442.0
Oct	451.0	451.0	450.5	451.2
Dec	459.8	458.5	456.5	458.3
Feb	467.3	466.0	466.0	465.4
April	474.5	474.5	473.5	473.6

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Oct	83.23	83.27	82.27	82.57
Nov	84.43	84.50	83.50	83.80
Dec	84.70	84.75	83.80	84.15
Jan	85.20	85.20	84.30	84.57
Feb	84.35	84.35	83.50	83.80
March	82.77	82.75	82.00	82.12
April	81.10	80.00	80.00	80.40
May	80.00			79.20
June	81.15	80.75	80.75	80.15

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	118.40	119.40	118.00	119.00
Jan	118.45	119.60	117.90	119.20
March	118.50	119.50	118.35	119.25
May	113.10	113.10	112.50	113.05
July	112.00	112.00	112.00	113.00
Sept	112.00			112.90
Nov	113.00			113.00
Jan	110.60	111.80	111.80	111.80
March	109.10			109.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	421.6			427.3
Oct	422.6	424.0	427.0	427.3
Jan	423.6	434.0	427.0	434.3
April	436.6	441.0	433.0	441.3
July	444.1	446.5	440.0	448.8
Oct	451.6	453.0	453.0	456.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	1177.0	1185.0	1172.0	1183.2
Oct	1181.0			1187.0
Dec	1202.0	1214.0	1192.0	1208.0
Jan	1208.2	1214.0	1205.0	1214.5
March	1224.2	1237.0	1217.0	1231.7
May	1241.2	1253.0	1235.0	1247.7
July	1258.0	1268.0	1250.0	1265.3
Sept	1275.0			1282.0
Dec	1300.0	1312.0	1290.0	1307.7
Jan	1308.4			1316.6

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Oct	10.16	10.35	10.11	10.22
Jan	10.75	10.80	10.75	10.81
March	11.34	11.66	11.28	11.55
May	11.60	11.80	11.60	11.85
July	11.92	12.21	11.90	12.15
Sept	12.17	12.40	12.38	12.38
Oct	12.33	12.42	12.33	12.57
Jan	12.60			12.80

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.85	59.15	58.25	59.27
Dec	59.15	59.50	58.55	59.65
Feb	60.62	61.15	60.10	61.37
April	63.12	63.60	62.50	63.60
June	62.40	62.90	61.92	62.95
Aug	61.00	61.30	60.55	61.55
Oct	64.05	64.60	63.95	64.45

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	43.00	43.70	42.65	43.55
Dec	46.80	47.60	46.70	47.57
Feb	52.60	54.60	52.80	53.95
April	48.40	49.00	48.00	48.75
June	52.77	53.15	52.37	52.87
July	56.00	56.50	56.00	56.77
Aug	57.00	57.90	56.00	57.27
Oct	54.12	54.85	54.10	54.75

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Sept	356.0	367.5	356.0	366.0
Dec	361.0	372.5	357.0	365.2
March	367.4	378.0	364.0	370.4
May	371.6	385.0	370.0	378.4
July	371.0	380.0	371.0	376.2
Sept	348.0	355.0	348.0	352.0
Dec	321.4	330.0	321.0	324.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	42.77	43.25	42.05	43.45
March	44.20	47.20	45.90	47.05
May	49.40	49.90	48.50	49.65
July	55.75	56.15	55.25	55.62
Aug	55.00	55.40	54.00	55.57

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	910.0	960.0	910.0	955.0
Nov	928.0	963.0	910.0	926.0
Jan	940.0	980.0	925.0	938.2
March	950.0	990.0	920.0	963.4
May	955.0	992.0	950.0	967.2
July	948.0	994.0	945.0	945.0
Aug	917.0	950.0	910.0	913.0
Sept	850.0	850.0	810.0	821.0
Nov	770.0	772.0	750.0	752.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Sept	234.0	253.0	234.0	244.0
Oct	237.0	254.0	236.1	244.5
Dec	245.0	257.0	239.0	248.7
Jan	246.0	260.0	240.0	250.0
March	249.0	263.0	247.0	253.0
May	245.0	268.0	245.0	253.0
July	240.0	260.0	240.0	250.0
Aug	232.0	250.0	232.0	241.0
Sept	224.0	236.0	221.0	224.0
Oct	208.0	211.0	208.0	210.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Sept	36.00	37.20	35.80	35.80
Oct	34.95	36.10	34.90	35.15
Dec	34.05	36.00	34.00	34.15
Jan	34.20	35.25	34.20	34.62
March	33.85	34.85	33.80	34.15
May	33.45	34.45	33.35	33.77
July	32.85	33.85	32.85	33.25
August	32.75	33.30	32.75	32.75
Sept	28.75	27.95	26.75	26.95

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Sept	370.0	386.0	370.0	384.0
Dec	386.4	400.0	386.0	390.4
March	400.0	406.0	398.0	403.4
May	406.0	413.0	403.0	410.2
July	413.0	416.0	410.0	413.4
Sept	420.0	426.0	416.0	422.4

SPOT PRICES—Chicago loose lard 26.00 (25.00) cents per pound. New York tin 685.0-88.0 (690.0-95.0) cents per pound.

English produce: Apples—Per pound, Bramley new season 0.11-0.13, Howgate 0.09, Tydeman's Worcester 0.12-0.18, Worcester Pearmain 0.12-0.20, Derby 0.10, Cox's 0.25-0.30, Russet 0.20-0.22. Pears—Per pound, Williams 0.10-0.12, Conference 0.14-0.15. Strawberries—8 oz 0.40-0.50 according to condition. Raspberries—8 oz punnets 0.70-0.80 according to quality. Blackberries—8 oz 0.35-0.40. Plums—Per pound, Damsons 0.22-0.25.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains on firmer interest rates

The dollar rose in currency markets yesterday as upward pressure was exerted on Euro-dollar rates ahead of the U.S. Treasury's latest refunding package. Money supply fears also continued to be an unsettling factor.

Sterling traded quietly to finish slightly down against the dollar but firmer against European currencies.

DOLLAR — Trade weighted index (Bank of England) 128.8 against 121.3 six months ago. The latest figures on money supply have given rise to cautious optimism as fears of a sharp rise in M1 rise in September now seem overdone. The dollar had previously been at record levels on fears of higher U.S. interest rates as a result of the U.S. budget deficit and money supply growth.

The dollar rose to DM 2.6790 from DM 2.6605 against the D-mark and SwFr 2.1775 from SwFr 2.1630. It was also higher against the French franc at FFr 8.0850 from FFr 8.0125 and Y243.90 from Y243.40.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. August average 1.5027. Trade-weighted index 84.7 against 84.8 at noon and 84.7 at the opening and compared with 84.8 on Monday and 79.4 six months ago. The pound has been quite steady recently but is beginning to look a little fragile against European currencies as upward pressure on interest rates eases. As with other currencies it is currently hostage to the varying fortunes and fluctuations of the U.S. dollar.

The pound opened at $1.4975-$1.4985 against the dollar and traded between $1.4910 and $1.5010 before closing at $1.4935-$1.4945, a fall of 85 points. Against the D-mark it rose to DM 4.0050 from DM 4.00 and SwFr 3.2550 from SwFr 3.2525. It was also higher against the French franc at FFr 12.0750 from FFr 12.0350 but slipped against the yen to Y365 from Y366.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. August average 2.6736. Trade-weighted index 125.6 against 130.9 six months ago. Until the recent slowdown in U.S. M1 money supply, the D-mark had been at its lowest level for nearly 10 years against the dollar, reflecting the large differential between U.S. and German interest rates. A softer tone in U.S. rates, together with a rise in the German Lombard rate have served to narrow the gap however, as the Bundesbank has moved to counter excessive money supply growth.

The D-mark was strong within the EMS at the Frankfurt fixing, but fell against the dollar and sterling. At a rather long fixing session the central bank sold about $5m when the dollar was fixed at DM 2.6770, compared with DM 2.6565 previously, but there was no sign of official intervention on the open market. Sterling rose to DM 4.0010 from DM 3.9960, while the French franc fell to DM 33.155 per 100 francs from DM 33.190.

BELGIAN FRANC — Trading range against the dollar in 1983 is 54.49 to 45.90. August average 53.62. Trade-weighted index 90.9 against 95.4 six months ago. The Belgian franc is the weakest member of the EMS, but has not been under any real pressure due to the weakness of European currencies against the dollar. However a switch back into the D-mark may ultimately lead to renewed strains on the weaker members of the system.

The Belgian franc was weak at the Brussels fixing, losing ground to the dollar, sterling, Swiss franc, and members of the EMS, while the difference between commercial and financial francs widened on nervousness about the implications of yesterday's rail strike, and the threat of a stoppage by the country's public service workers on Thursday in protest at the Government's austerity programme. The dollar rose to BFr 53.9375 from BFr 53.4425 at the fixing; sterling to BFr 80.60 from BFr 80.4050; and the D-mark to BFr 20.1445 from BFr 20.1235.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.8135	+2.03	+1.31	±1.5447
Danish Krone	8.14104	8.16256	+0.26	−0.46	±1.6425
German D-Mark	2.24184	2.27422	+1.44	+0.72	±1.0642
French Franc	6.87456	6.85833	−0.24	−0.96	±1.4052
Dutch Guilder	2.52595	2.54517	+0.76	+0.04	±1.4964
Irish Punt	0.72569	0.725347	−0.05	−0.77	±1.6699
Italian Lira	1403.49	1358.37	−3.21	−3.21	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Sept. 13	£	$		£ Note Rates
Argentina Peso	17.60-17.66	11.86-11.88	Austria	28.00-28.30
Australia Dollar	1.6825-1.6845	1.1265-1.1270	Belgium	81.00-81.80
Brazil Cruzeiro	1,019.8-1,026.6	682.0-685.0	Denmark	14.30-14.45
Finland Markka	8.5400-8.5535	5.7260-5.7310	France	12.00-12.15
Greek Drachma	138.40-139.30	92.50-92.80	Germany	3.98½-4.02½
Hong Kong Dollar	11.72-11.77	7.85-7.87	Italy	2360-2405
Iran Rial	130.90*	86.85*	Japan	366-370
Kuwait Dinar (KD)	0.4345-0.4355	0.2914-0.2916	Netherlands	4.45½-4.50½
Luxembourg Fr.	80.60-80.70	53.96-53.98	Norway	11.10-11.21
Malaysia Dollar	3.5025-3.5126	2.3470-2.3490	Portugal	182-205
New Zealand Dlr.	2.2855-2.2906	1.5306-1.5330	Spain	219-234
Saudi Arab. Riyal	5.1930-5.1985	3.4795-3.4805	Sweden	11.75-11.87
Singapore Dollar	3.19-3.20	2.1370-2.1390	Switzerland	3.24-3.28
Sth. African Rand	1.6585-1.6605	1.1100-1.1115	United States	1.49-1.51
U.A.E. Dirham	5.4785-5.4865	3.6710-3.6735	Yugoslavia	180-189

* Selling rates.

CURRENCY MOVEMENTS

Sept. 13	Bank of England Index	Morgan Guaranty Change %
Sterling	84.7	−6.4
U.S. dollar	128.8	+17.0
Canadian dollar	92.8	+1.4
Austrian schilling	116.4	+5.3
Belgian franc	90.9	−11.1
Danish kroner	79.9	−5.0
Deutsche mark	125.6	+6.8
Swiss franc	150.4	+12.0
Guilder	115.6	+4.4
French franc	67.6	−14.5
Lira	50.2	−10.7
Yen	147.5	+6.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

SEPT. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.701357	0.568643
U.S. $	8½	1.04961	0.849382
Canadian $	9.52	*	1.04627
Austria Sch	3¾	19.7224	15.9684
Belgian F	9	56.6079	45.8135
Danish Kr.	7½	10.0648	8.16256
D mark	4	2.80954	2.27422
Guilder	5	3.14538	2.54517
French F.	9½	8.47584	6.85833
Lira	17	1678.17	1358.37
Yen	5½	255.661	207.122
Norwgn Kr.	8	7.80521	6.32450
Spanish Pta	—	159.316	129.021
Swedish Kr	8½	8.27014	6.71012
Swiss Fr	4	2.28195	1.84858
Greek Dr'ch	20½	86.3747	78.6698

*C$/SDR rate for Sept 12: 1.29511

THE POUND SPOT AND FORWARD

Sept 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4910-1.5010	1.4935-1.4945	par-0.05c dis	−0.20	0.12-0.17dis	−0.39
Canada	1.8380-1.8460	1.8400-1.8410	0.12-0.02c pm	0.46	0.14-0.04 pm	0.19
Nethlnd.	4.46-4.49	4.47½-4.48½	1½-1¼c pm	3.68	4-3½ pm	3.35
Belgium	80.30-80.80	80.60-80.70	10c pm-par	0.74	8 pm-2 dis	0.15
Denmark	14.33-14.38	14.34½-14.35½	3.46-4.51ore dis	−3.33	1.81-2.95dis	−0.66
Ireland	1.2730-1.2790	1.2765-1.2775	0.19-0.23p dis	−1.97	0.54-0.59dis	−1.77
W. Ger.	3.99-4.01½	4.00-4.01	1½-1¼pf pm	4.12	4¼-3¾ pm	3.87
Portugal	184.75-186.25	185.50-186.00	175-440c dis	−19.86	510-1205ds	−18.46
Spain	226.75-227.50	227.00-227.20	235-325c dis	−14.79	950-1110ds	−18.14
Italy	[illegible]	2389½-2391½	14½-16½lire dis	−7.65	46½-49½dis	−8.03
Norway	11.10½-11.15½	11.15-11.15	3.05-3.75ore dis	−3.66	9.94-10.70ds	−3.70
France	12.04-12.09	12.07-12.08	3-4c dis	−3.48	15-18½ dis	−5.22
Sweden	11.79-11.82	11.80-11.81	1.35-1.80ore dis	−1.65	4.98-5.60ds	−1.79
Japan	363-368	364½-365½	0.95-0.75y pm	2.79	2.60-2.40 pm	2.74
Austria	28.05-28.20	28.10-28.15	9⅝-7⅝gro pm	3.71	26½-21½ pm	3.43
Swtz.	3.24-3.27	3.25-3.26	1½-1¼c pm	5.53	4½-4 pm	5.22

Belgian rate is for convertible francs. Financial franc 81.40-81.50. Six-month forward dollar 0.28-0.33c dis. 12-month 0.60-0.70c dis.

THE DOLLAR SPOT AND FORWARD

Sept 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4910-1.5010	1.4935-1.4945	par-0.05c dis	−0.20	0.12-0.17dis	−0.39
Ireland†	1.1705-1.1745	1.1710-1.1720	0.30-0.26c pm	2.87	0.78-0.68 pm	2.49
Canada	1.2310-1.2325	1.2320-1.2325	0.08-0.06c pm	0.68	0.22-0.19 pm	0.66
Nethlnd.	2.9845-3.0000	2.9965-2.9985	1.03-0.93c pm	3.93	2.77-2.67 pm	3.63
Belgium	53.76-53.98	53.96-53.98	5½-4½c pm	1.14	10-7½ pm	0.65
Denmark	9.5800-9.6110	9.6050-9.6100	2¼-2¾ore dis	−3.12	½-1 dis	−0.31
W. Ger.	2.6645-2.6800	2.6785-2.6795	0.98-0.94pf pm	4.32	2.87-2.82 pm	4.25
Portugal	123.90-124.50	124.15-124.45	110-280c dis	−18.82	450-800ds	−20.08
Spain	151.65-152.00	151.85-151.95	170-200c dis	−14.61	525-625dls	−15.13
Italy	1594½-1600	1599-1600	10-10½lire dis	−7.69	30-31 dis	−7.63
Norway	7.4175-7.4580	7.4530-7.4580	2.00-2.30ore dis	−3.46	6.10-6.40ds	−3.35
France	8.0285-8.0915	8.0825-8.0875	2.00-2.15c dis	−3.08	9.50-9.80ds	−4.78
Sweden	7.8810-7.8990	7.8920-7.8970	0.85-1.05ore dis	−1.44	2.75-2.95ds	−1.44
Japan	243.35-244.10	243.85-243.95	0.64-0.58y pm	3.03	1.93-1.85 pm	3.10
Austria	18.75½-18.82	18.80½-18.81½	7.00-6.20gro pm	4.21	18.75-16.25pm	3.72
Switz.	2.1675-2.1800	2.1770-2.1780	1.13-1.08c pm	6.09	3.08-2.98 pm	5.57

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.50-54.55.

EXCHANGE CROSS RATES

Sept. 13	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.494	4.005	365.0	12.075	3.255	4.480	2391.	1.841	80.55
U.S. Dollar	0.669	1.	2.681	244.3	8.082	2.179	2.999	1600.	1.232	53.98
Deutschmark	0.250	0.373	1.	91.14	3.015	0.813	1.119	596.9	0.460	20.14
Japanese Yen 1,000	2.740	4.093	10.97	1000.	33.08	8.918	12.27	6549.	5.042	221.0
French Franc 10	0.828	1.237	3.317	302.3	10.	2.696	3.713	1980.	1.524	66.79
Swiss Franc	0.307	0.459	1.230	112.1	3.710	1.	1.376	734.4	0.565	24.78
Dutch Guilder	0.223	0.333	0.894	81.47	2.695	0.727	1.	533.6	0.412	18.00
Italian Lira 1,000	0.418	0.625	1.675	152.7	5.051	1.362	1.874	1000.	0.770	33.65
Canadian Dollar	0.543	0.812	2.176	198.3	6.561	1.769	2.434	1299.	1.	43.82
Belgian Franc 100	1.240	1.852	4.966	452.6	14.97	4.036	5.555	2964.	2.282	100.

FINANCIAL FUTURES

Prices retreat

Prices weakened on the London International Financial Futures Exchange yesterday, in nervous trading as the market showed concern about the validity of last week's U.S. M1 money supply announcement. Despite strong denials by the Federal Reserve that the last M1 figures were incorrect the dollar gained ground on the foreign exchanges, and cash Eurodollar rates rose. Trading in financial markets, including futures, was also restricted ahead of the testimony before Congress of Mr Paul Volcker, chairman of the Federal Reserve Board, and the announcement of the U.S. Treasury refunding package.

Eurodollar futures opened easier, after the previous weak close of U.S. credit markets, and maintained a soft trend as Federal funds remained around the 9½ level. The December contract began at 89.82, and touched a low of 89.78, before closing at 89.83, compared with the previous settlement figure of 89.93.

Apart from fears about a possible rise in M1 later this month, market activity was also limited by important economic news, including yesterday's publication of U.S. retail sales, and tomorrow's industrial production figures.

Gilt cash and futures prices failed to maintain Monday's very firm trend, as the pound lost ground to the dollar and confusion increased about the future direction of London domestic interest rates. December delivery opened at 106-18 on Liffe, and traded within a range of 106-06 to 106-27, before finishing at 106-15, compared with 106-28 on Monday.

Short-term sterling also declined. December began trading at 90.34, and fell to a low of 90.29. It touched a peak of 90.37, and closed at 90.31, a fall of 8 basis points

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	89.83	89.87	89.78	89.93
March	89.53	89.59	89.51	89.64
June	89.33	89.35	89.29	89.43
Sept	89.14	—	—	89.24

Volume 2,271 (3,385)
Previous day's open int. 5,110 (5,291)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	90.43	90.50	90.43	90.50
Dec	90.31	90.37	90.29	90.39
March	90.05	90.11	90.01	90.13
June	89.74	89.80	89.74	89.81
Sept	89.48	—	—	89.55

Volume 750 (560)
Previous day's open int. 3,472 (3,470)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	103-23	103-28	103-20	103-28
Dec	106-15	106-27	106-06	106-28
March	106-00	106-11	106-00	106-13
June	105-16	105-29	105-14	105-30
Sept	105-00	—	—	105-15

Volume 3,401 (3,765)
Previous day's open int. 4,688 (4,476)
Basis quote (clean cash price of 15¼% Treasury 1998 less equivalent price of near futures contract) par-08 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4965	1.5000	1.4945	1.5048
March	1.4973	—	—	1.5062

Volume 223 (389)
Previous day's open int. 1,073 (1,076)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3774	0.3787	0.3772	0.3800
March	0.3812	—	—	0.3838

Volume 66 (83)
Previous day's open int. 456 (442)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4657	0.4671	0.4651	0.4687
March	—	—	—	—

Volume 16 (12)
Previous day's open int. 235 (235)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4134	—	—	0.4141
March	—	—	—	—

Volume nil (5)
Previous day's open int. 186 (186)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	72-08	72-10	71-29	72-04
Dec	71-23	71-27	71-12	71-20
March	71-07	71-10	70-21	71-04
June	70-25	70-27	70-15	70-23
Sept	70-13	70-16	70-05	70-12
Dec	70-04	70-07	69-28	70-03
March	69-31	69-31	69-20	69-27
June	—	—	—	69-20
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.67	90.71	90.62	90.67
March	90.35	90.40	90.33	90.36
June	90.19	90.19	90.13	90.14
Sept	89.97	90.01	89.97	89.95
Dec	89.81	89.85	89.81	89.77
March	89.67	89.68	89.66	89.64
June	—	—	89.53	89.51

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	90.58	90.60	90.53	90.55
Dec	90.01	90.04	89.95	90.00
June	89.41	89.62	89.41	89.39

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.99	90.02	89.94	90.01
Dec	89.56	89.59	89.50	89.53
March	89.26	89.28	89.21	89.21
June	89.05	89.06	89.01	89.00

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.4935	1.4950	1.4920	1.4970
Dec	1.4960	1.4975	1.4930	1.4985
March	1.5000	1.5000	1.4955	1.5005
June	1.5010	1.5025	1.4990	1.5025
Sept	—	—	—	—
Dec	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	69-23	70-00	69-20	69-25
Dec	68-25	69-02	68-19	68-26
March	67-29	68-04	67-24	67-29
June	67-07	67-07	67-02	67-07
Sept	66-21	66-28	66-18	66-22
Dec	66-06	66-15	66-04	66-08
March	—	—	—	—
June	65-16	65-23	65-14	65-18
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

COMPANY NOTICES

LEGAL NOTICES

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 9½ per cent (since June 14)

UK interest rates showed mixed changes yesterday compared with Monday's softer trend as the market reacted to a slight turnaround in U.S. interest rates. This was primarily a reflection of market uncertainty ahead of the U.S. Treasury's latest refunding package.

Overnight interbank money opened at 9⅞-9⅞ per cent and rose to 10 per cent before slipping in the afternoon to a low of 6 per cent. Closing balances were taken up to 10 per cent however.

The Bank of England forecast a shortage of around £450m later revised to £350m. Factors affecting the market included maturing assistance and a take up of Treasury bills—£390m and Exchequer transactions — £120m, partly offset by a fall in the note circulation of £70m. The Bank gave help in the morning of £247m, comprising purchases of eligible bank bills, £61m in band 1 (up to 14 days) at 9 7/16 per cent, £133m in band 2 (15-33 days) at 9½ per cent, £24m in band 3 (34-63 days) at 9 7/16 per cent, and £29m in band 4 (64-91 days) at 9⅜ per cent. Further assistance was given in the afternoon of £10m, comprising purchasing of £9m of eligible bank bills in band 1 and £41m in band. In band 3 it bought £37m of Treasury bills and £13m of eligible bank bills, all at established rates.

In Frankfurt call money was quoted at 5.5-5.55 per cent with upward pressure relieved by the allocation of DM 6½bn of funds through the Bundesbank's latest 28-day repurchase agreement. On Monday some DM 4.5bn was drawn out of the system as a previous repurchase agreement matured. There could be a slight tightening towards the end of the week however as banks balances will be drained by tax payments. The more relaxed mood was underlined by the size of outstanding loans through the Lombard facility. This had fallen to DM 4.3bn by Monday compared with DM 22.3bn last Friday. Banks had previously drawn heavily on the 5 per cent Lombard facility ahead of a feared rise in the rate to 5½ per cent.

LONDON MONEY RATES

Sept. 13 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6-10	9⅝-9⅞	—	—	9½-10¼	7½-10	—	—	—
2 days notice	—	—	9½-9⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅞-10⅛	—	—	—	—
7 days notice	—	9⅝-9 11/16	9⅝	—	—	—	9⅝-9¾	—	—	—
One month	9 21/32-9 [illegible]	9⅝-9¾	9⅝	10-9¾	9 11/16	10	9½	9½	9½-9 [illegible]	10⅛
Two months	9 11/16-9 [illegible]	9⅝-9¾	9⅝	10⅛-9⅞	9¾	10	9⅝	9 7/16	9 7/16	10 3/16
Three months	9 11/16-9 [illegible]	9⅝-9¾	9⅝	10⅛-9⅞	9 13/16	10	9¼-9⅜	9¼	9 7/16	9 13/16
Six months	9 13/16-9 [illegible]	9¾-9 15/16	9¾	9⅝-9¼	10	—	—	—	9 [illegible]-9 [illegible]	9 15/16
Nine months	9 15/16-9 [illegible]	10-10⅛	9⅞	10¼-9⅞	10⅛	—	—	—	—	—
One year	9 15/16-9¾	10⅛-10¼	10	10⅛-9⅞	10¼	—	—	—	—	—
Two years	—	—	10¾-11	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 3 to September 6 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 11¾ per cent; ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 9 9/32-9⅜ per cent; four months trade bills 9 27/32 per cent.

Approximate selling rate for one months Treasury bills 9⅜-9 13/32 per cent; two months 9 11/32-9 13/32 per cent and three months 9 9/32 per cent. Approximate selling rate for one months bank bills 9 15/32-9½ per cent; two months 9 13/32 per cent and three months 9⅜-9 13/32 per cent; trade bills 9⅞ per cent; two months 9 13/16 per cent and three months 9 13/16 per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from September 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.2934 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9⅝ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from September 13. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 13	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9⅝-9¾	9⅝-9¾	9 9/16-9 11/16	9 13/16-9 15/16	9 13/16-9 15/16	10 1/16-10 3/16
U.S. Dollar	9⅜-9⅝	9½-9¾	9⅝-9⅞	9⅞-10⅛	10 1/16-10 5/16	10⅜-10⅝
Can. Dollar	8½-9	8⅞-9	9-9¼	9⅛-9⅜	9½-9¾	10-10¼
D. Guilder	5⅞-6	5⅞-6	5⅞-6	6⅛-6¼	6¼-6⅜	6 7/16-6 9/16
S. Franc	2¼-2½	2¾-2⅞	4-4⅛	4 1/16-4 3/16	4 5/16-4 7/16	4⅜-4½
Deutschm'rk	5⅜-5½	5½-5⅝	5½-5⅝	5⅝-5¾	5⅞-6	6¼-6⅜
Fr'nch Franc	12¼-12½	12¼-12½	12¾-13	14¾-15	16⅜-16⅝	16¾-17
Italian Lira	15¾-16¾	15¾-17¼	16¾-17¼	17½-18	18¼-18¾	18⅞-19⅛
Belg. Franc Conv.	8-8½	8¼-8¾	8¾-9¼	9¼-9½	9¾-10¼	10¼-10¾
Fin.	8-8½	8¼-8⅞	8⅝-8⅞	9⅛-9⅜	9⅝-9⅞	10⅛-10⅜
Yen	6¾-6⅞	6¾-6⅞	6 11/16-6 13/16	6¾-6⅞	6 11/16-6 13/16	6⅝-6⅞
D. Krone	14¾-15¼	13¾-14¼	13⅝-13⅞	11½-12	11¼-11¾	11⅛-11⅝
Asia $ (Sing.)	9½-9⅝	9 7/16-9 9/16	9¾-9⅞	9⅞-10	10⅛-10⅜	10⅜-10½

FT LONDON INTERBANK FIXING

11.00 a.m. SEPTEMBER 13

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/8	offer 10	bid 10 1/8	offer 10 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9½-9⅝
Treasury bills (13-week)	9.05
Treasury bills (26-week)	9.16

GERMANY

Lombard	5.5
Overnight rate	5.50-5.55
One month	5.65
Three months	5.85
Six months	6.30

FRANCE

Intervention rate	12.25
Overnight rate	12.5
One month	12.4375
Three months	12.4375
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	6.46875
Bill discount (3-month)	6.78125

SWITZERLAND

Discount rate	4
Overnight rate	2½-3½
One month	4 3/16-4 5/16
Three months	4¼-4⅜

NETHERLANDS

Discount rate	5½
Overnight rate	5¼-5¾
One month	5⅝-5⅞
Three months	6⅛-6¼
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.5-9.6
Three months	9.65-9.75
Six months	9.85-9.95
One year	10.1-10.3

LONG TERM EURO $

Two years	11⅛-11⅜
Three years	11½-11⅞
Four years	11⅞-12⅛
Five years	12⅛-12⅜

SDR LINKED DEPOSITS

One month	8¼-8½
Three months	9 3/16-9 7/16
Six months	9⅜-9⅝
One year	9¾-10

ECU LINKED DEPOSITS

One month	8¾-9
Three months	9 3/16-9 7/16
Six months	9 11/16-10 1/16
One year	10 3/16-10 7/16

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

World Bank in C$75m raising

By Peter Montagnon, Euromarket Correspondent

THE WORLD BANK yesterday launched its first borrowing in Canadian dollars for 12 years with a C$75m (U.S.$61m), seven-year Eurobond led by Wood Gundy and Swiss Bank Corporation International.

The World Bank, which is the largest single borrower in international fixed rate debt markets, has always previously found Canadian dollars too expensive. But officials at its Washington headquarters said yesterday that the currency had become attractive again because of the narrowing of the interest rate differential with the U.S. dollar.

Its new issue bears a coupon of 12¼ per cent at par, while a recent U.S.$200m offering bears a 12 per cent coupon.

The timing of the issue was, however, largely determined by a swap opportunity. The World Bank is to swap the proceeds into Swiss francs, traditionally its preferred currency for borrowing because of the low nominal rates of interest available.

The bonds were quoted last night at a discount of around 1½, indicating that market reception was good with the rarity of the name in this sector offsetting a fairly tight issue yield.

In the U.S. dollar sector, the European Investment Bank launched a $150m, 10-year, 11¼ per cent bond at par through Swiss Bank Corp International, Banque Nationale de Paris and Deutsche Bank. The bonds were slow to move and traded at a discount of about 1¼ in a market that still lacks strong investor support.

Despite two weeks of good money supply figures from the U.S., investors are still uncertain about interest rate trends. Monday's rally, which was used by many professional dealers to offload excess inventory, petered out yesterday and prices shed about ¼ point on average.

Citicorp's new $100m, 11⅞ per cent issue slipped to a discount of 2½ per cent from its par issue price.

Continental bond markets were little changed on balance.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for September 13.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10⅞ 90	100	92⅞	93⅛	-0⅜	0	11.84
Bank of America 8 88 XW	150†*	85⅝	86⅛	+0⅛	+0⅛	12.23
Bank of Tokyo Hold 11 90	100	93¾	94¼	0¼	+0½	12.35
British Col Hyd 10¼ 88	200	95⅞	96⅜	-0⅛	-0⅛	11.35
C C C E 11¾ 97	100	91⅞	92⅜	-0½	-0¼	12.97
C I S C 11 90	75	90¾	91¼	0	-0¾	13.01
Citicorp O/S 10⅜ 90	100	91⅞	92⅜	-0⅜	-0⅛	12.14
Coca Cola Int 9⅞ 92	100	92¼	92¾	+0¼	+1⅛	11.24
Cred Suisse BAH 10½ 90	150†	94½	95	-0¼	+0½	11.66
Credit Suisse 10½ 89	100†	96½	97	-0⅛	+1⅛	11.23
Den Norsk Cred 11¼ 93	50	92⅛	92⅝	-0⅜	+0½	12.63
Du Pont 11¼ 95	150	97⅞	98⅜	-0¼	+0¼	11.53
E C S C 11¾ 90	75	98¾	99¼	-0½	+0⅜	12.08
E D C 10¾ 88	100	96½	97	-0⅜	+0¼	11.71
E.D.C. 11⅝ 87	100	99⅝	100⅛	-0⅜	+0½	11.77
E D F 11⅛ 93	100	91¼	91¾	-0¾	+0⅞	12.78
E E C 10¾ 95	75†	87¾	88¼	-0⅞	-0⅝	12.77
E E C 11 87	350	97¾	98¼	-0⅜	0	11.85
E.I.B 10¾ 93	200	91⅜	91⅞	-0½	+0⅝	12.25
E.I.B. 11 91	125	93¾	94¼	-0⅜	+0⅞	12.23
Electrolux 10½ 90	50	91½	92	0	+1⅛	12.35
Enserch Fin 11⅞ 93	100	93⅜	93⅞	-0⅝	+0¾	12.78
Fuji Int Fin 10⅞ 90	100†	91¾	92¼	-0¼	+0½	12.69
Gen Elec Credit 9¾ 91	100	90¾	91¼	0	+0⅞	11.54
GMAC O/S Fin 10½ 90	200	95⅝	96⅛	+0⅛	+1	11.41
Honeywell Int 10¾ 90	100	97¼	97¾	-0⅛	-0⅝	11.28
Indust Bk Japan 10⅞ 88	100	95¾	96¼	-0⅜	+0⅛	12.01
Japan Air Lines 10⅞ 98	42	90⅞	91⅜	-0⅛	-0⅜	12.18
Japan Air Lines 11 93	75	94	94½	-0⅜	-0⅛	12.01
J P Morgan 11⅜ 90 XW	150	97⅞	98⅜	-0⅜	+0⅝	11.78
Levi Strauss Int 11 90	75	95⅝	96⅛	-0⅛	-1⅛	11.96
L T C B. 10¾ 90	100	91½	92	-0¼	+0⅜	12.61
Merrill Lynch 10⅝ 90	200	94⅛	94⅝	-0⅛	+1⅛	11.87
Midland Int Fin 11½ 92	150	95⅞	96⅜	-0⅛	+0¼	12.28
Mitsubishi Corp 10½ 90	100	92⅞	93⅜	-0⅞	+0⅜	12.03
Mitsubishi Fin 11⅜ 90	100	93⅞	94⅜	-0⅜	-0⅜	12.59
Nippon Credit 11 90	100	92⅜	92⅞	-0⅜	-0¾	12.67
Nippon Credit 11⅞ 93	100	92⅞	93⅜	-0⅛	+0⅞	12.58
O.K.B. 10 91	100	89⅛	89⅝	-0⅜	0	12.19
Ontario Hydro 10¼ 90	250	92½	93	-0⅜	-0⅜	11.85
Ontario Hydro 11¼ 89	200	98⅜	98⅞	-0½	-0⅜	11.54
Ontario Hydro 12¾ 92	200	102⅝	103⅛	-0⅛	0	12.20
Prudential O/S 10⅝ 93	100	94⅝	95⅛	-0⅛	+0⅜	11.51
Prudential O/S 12¾ 87	150	103⅝	104⅛	-0⅛	0	11.49
Saskatchewan Pr 10¾ 90	125	94	94½	-0⅛	+0¼	12.84
S N C F. 11½ 93	100	94⅝	95⅛	-0½	-0⅛	12.42
Sth Cal Edison 10½ 90	75	94⅞	95⅜	-0⅞	-0⅜	11.56
Sumitomo Fin 10⅞ 90	100	91⅝	92⅛	-0⅛	+0⅜	12.71
Swiss Bk Corp 10¼ 90	125†	95⅞	96⅜	-0⅜	+0¾	11.11
Texaco Capital 9¾ 90	150	92⅝	93⅛	-0½	+0⅜	11.33
U B S. 10 88	100	95⅞	96⅜	-0⅜	-0⅛	11.08
U.B S 11 89	150	99⅜	99⅞	-0⅜	-0½	11.87
Westpac Int Fin 11 90	100†*	91½	92	+1	+1	12.88
World Bank 10⅜ 88	150	95¾	96¼	-0⅛	+0⅝	11.51
World Bank 10⅞ 93	100	93¼	93¾	0	-0⅝	12.03
World Bank 11¼ 88	100	98	98½	-0⅛	+0⅞	11.72
World Bank 11½ 90	150	97	97½	-0⅝	+0½	12.10

Av. price changes: on day -⅛, on week +⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	97⅞	98⅜	-0⅛	-0¼	7.67
A.N.A.S 8⅛ 88	100	99½	100	0	0	8.30
Austria, Rep 7⅝ 89	100	98½	99	+0⅛	-0¼	7.92
Austria, Rep 8 93	100	99⅝	100⅛	0	+0⅛	7.99
Avon Int Fin 7½ 93	100	97½	98¼	+0⅛	0	7.82
B F C.E. 8¼ 90	150	99⅜	100⅛	+0⅛	-0⅝	8.29
Comp Tel Nac Esp 8¼ 93	100	94½	95½	0	0	9.03
Deutsche Bank 3¼ 91 WW	240	105⅝	106⅜	-0¼	-0⅝	2.83
Deutsche Bank 3¼ 91 XW	240	80	80½	0	-0⅜	7.18
Dresdner Finance 4 90 WW	250	108½	109½	-0½	-0⅛	2.54
Dresdner Finance 4 90 XW	250	83	85½	0	-0¼	7.20
E C.S.C 8 90	160	99⅜	100⅛	-0⅛	-0⅜	8.04
E.E.C. 8⅛ 93	250	100⅛	100⅝	0	-0⅜	8.18
Eurofima 7½ 90	100	98	98¾	+0¼	0	7.81
Finland Rep 7½ 88	150	98½	99¼	-0⅛	-0⅛	7.78
Int-Am Dev Bk 7¾ 93	200	95⅛	95⅞	0	+0⅞	8.44
Int Standard Ele 7¾ 93	100	98½	99¼	+0¼	+0⅛	7.91
Japan Dev Bank 7½ 90	100	98⅞	99⅝	0	+0⅛	7.84
Kobe City 7 93	120	94⅜	95⅝	0	0	7.70
L.T.C.B. 8 90	100	99⅜	100⅛	+0⅜	+0⅛	8.04
Renault Acceptance 8 90	150	97⅛	97⅞	+0¼	-0⅛	8.49
S.D F France 7⅞ 93	100	96½	97¼	+0⅛	-1	8.35
Sth African Tran 8¼ 90	100	98¼	98¾	0	-0⅛	8.54
Volkswagen Int 7¼ 93	200	95⅛	95⅞	+0¼	-0½	7.93
World Bank 7½ 90	250	96½	97¼	+0⅛	0	8.11
World Bank 7½ 93	300	95⅛	95⅞	+0⅛	-0⅛	8.18

Av. price changes: on day 0, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	98½	98¾	0	+0½	5.81
Bank of Tokyo 6 91	100	101¼	101½	-0⅛	-0⅜	5.78
Bergen, City of 5¾ 95	40	98½	98¾	-0½	-0½	5.91
Carls-Tuborg Brw 5¾ 93	80	101½	101¾	-0⅛	+0½	5.52
Chujitsuya Co 5⅞ 93	50	97⅛	97⅜	0	-0⅛	6.26
Denmark 6⅜ 91	100	101⅞	101⅝	-0⅛	+0⅛	6.12
E.D.C. 5¾ 91	100	98⅛	98⅜	+0⅛	-0⅛	5.66
E.I.B. 5¾ 93	100†	99¼	99¾	+0⅜	+0⅜	5.81
Ex-Im Bk Japan 5⅝ 91	100	99¾	100¼	+1⅛	+1⅛	5.62
Ind Fund Finland 6¼ 91	40	101	101¼	+0⅝	-0¼	6.06
Int-Am Dev Bk 6⅛ 93	100	101¼	101⅜	-0⅜	-0⅜	5.95
Japan Dev Bank 5½ 93	100	98	98¼	+0⅛	-0⅜	5.75
Kansai Elec Power 6 91	100	101½	102	+0⅜	0	5.71
Kawasaki Steel 6⅛ 91	100	101½	101¾	+0⅛	0	5.86
Montreal Urban 5¾ 93	100	100½	100¾	+0¼	-0½	5.66
Mount Isa Finance 6 93	100	102½	102¾	+0¼	+0½	5.64
Nisshin Steel 6⅛ 91	100	99¾	100	0	+0¼	6.27
Norsk Hydro 5½ 98	100†	96	96¼	-1	-1¼	5.90
Osterr Draukraft 6 93	100	102½	102¾	+0⅛	0	5.64
Osterr Post 6⅛ 91	100	102⅝	102⅞	+0⅛	-0⅛	5.67
Quebec Hydro 5½ 93	100	101	101¼	+0½	-0⅛	5.34
Sekisui House 6 93	100	101¼	101½	+0⅛	0	5.88
Sumitomo Metal Ind 6 91	100	101¼	101½	0	0	5.77
Tohoku Elec Power 6 93	100	100¼	100½	-0¼	-0¼	5.94
Trizec Corp 6¼ 91	100	101¾	102	+0⅛	+0¼	5.93
World Bank 5⅝ 93	100	97¾	98	+0⅜	+0¾	5.91

Av. price changes: on day +⅛ on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	103⅞	104⅜	0	0	7.97
E I B 8¼ 92	15	101⅝	102⅛	-0⅛	-0⅛	7.92
Japan Airlines 7⅞ 87	9†	101¼	102⅛	0	0	7.18
New Zealand 7⅞ 89	15	101⅝	102⅛	+0⅛	-0⅛	7.18
World Bank 8⅛ 92	20	102¾	103¼	0	0	7.85

Av. price changes: on day 0, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col 11¾ 93 CS	25†	94	94½	0	0	12.79
Can Pac Secs 11⅞ 90 CS	75†	98½	98¾	-0⅛	+0⅛	12.15
Charb France 11⅞ 95 CS	40†	93⅝	94⅛	-0⅛	+0⅛	12.89
Norcen 12⅞ 93 CS	60†	95⅜	95⅞	-0⅛	+0⅞	13.57
TD MTG Corp 12½ 98 CS	40†	99⅛	99⅝	0⅛	-0⅛	12.67
Quebec Province 12 93 CS	50†	98⅞	98⅞	0	0	12.23
Xerox Canada 12 88 CS	40†	99⅛	99⅝	0	+0½	12.17
Forsmarks 11½ 98 ECU	40	103	103¾	-0⅛	+0⅛	11.01
Svenska 11¼ 91 ECU	40	99⅛	99⅞	0⅛	0	11.32
Consol Foods 7¼ 88 Fl	100	95¼	95⅝	0	-0⅛	8.56
Elect Supply 8½ 88 Fl	75	96	98½	0	+0⅛	8.76
Nederland Gas 7½ 88 Fl	100	98⅜	98⅞	+0⅛	+0¼	7.85
Philips Lamps 7¼ 98 Fl	100	97⅜	97⅞	+0⅛	-0⅜	7.88
P H.P. 7¾ 88 Fl	50	99⅜	99⅞	0	0	8.04
Swed Exp Cred 7¾ 88 FL	100	94¾	95¼	0⅛	+0⅛	9.12
O K.B 14 86 FF	400	100⅞	101⅛	0	+0⅛	13.19
Solvay & Cie 14¾ 86 FF	200	102	103	+0⅜	-0⅜	13.39
B F.C.E. 11½ 88 £	50	96⅞	97⅜	-0⅛	0	12.20
British Oxyg 11¾ 91 £	50	100⅜	101⅛	0	-0⅛	11.57
CEPME 11⅛ 95 £	35†	98½	99⅛	0⅛	0	11.41
E E C 11⅞ 91 £	50	100¼	100¾	-0¼	+0⅛	11.74
Fin For Ind 10½ 90 £	30	95⅛	95⅝	0	0	11.47
Fin For Ind 12¼ 88 £	30	103	104	0⅛	-0⅛	11.29
Fin Mut Orang 12⅝ 92 £	30	101⅜	102½	-0⅛	-0⅛	12.21
Gen Elec Co 12½ 89 £	50	102⅜	103⅜	0	0⅛	11.71
Mort Bk Fin 11¾ 89 £	15	96⅛	97⅛	+0⅛	+0⅛	12.54
Norsk Hydro 12 90 £	30	102	102¾	-0⅛	-0⅜	11.42
Quebec 14½ 89 £	30	108½	109½	-0⅛	0	12.26
S N.C.F 11½ 89 £	30	96⅝	97⅜	0	+0⅛	12.28
Sweden 11¼ 93 £	50	93⅜	94⅛	-0⅛	+0⅛	12.28
Swed Exp Cred 11¼ 88 £	30	96⅜	97½	-0⅛	+0⅛	12.04
World Bank 11⅛ 86 £	100	97⅜	98⅛	-0⅛	+0⅛	11.74
World Bank 11⅜ 91 £	75	99⅜	100⅛	-0⅛	-0⅜	11.48
Euratom 11 93 Luxfr	500	102½	103⅛	-0⅛	-2	10.62
Europarat 10¾ 93 Luxfr	600	102⅜	103⅜	+0⅛	+0⅛	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B F.C E 5¼ 87	0⅛	99½	99¾	27/1	10⅞	10.92
B.F C.E 5¼ 88	0⅛	99⅜	99⅝	29/1	10.18	10.23
Caisse Nat Tele 5⅛ 90	0⅛	99⅛	99⅜	21/10	9.56	9.63
C C F 5¼ 95	0¼	99	99¼	7/10	10.19	10.28
C.C.F 5¼ 98	0⅛	99¾	100	24/9	9.94	9.95
Cepme 5¼ 88 WW	0¼	99½	100	3/12	10.56	10.59
Cepme 5¼ 92	0⅛	99⅝	99⅞	10/12	10½	10.53
Chemical NY 5¼ 94 ††	0¼	100⅝	100⅞	23/9	10.82	10.74
C.N C.A. 5¼ 95 XW	0⅛	99⅛	99⅜	7/12	10	10.08
C.N.T 5¼ 91	0¼	99¼	99⅜	6/11	9¼	9.32
Credit Agricole 5⅛ 97	0⅛	99¼	99½	24/9	10	10.06
Credit Lyonnais 5¼ 94	0⅛	99⅛	99⅜	6/1	10.31	10.39
Credit Lyonnais 5⅛ 97	0⅛	99¼	99½	1/10	10.05	10.13
Credit Nat 5¼ 94	0⅛	99	99½	9/9	9⅛	9.32
E D.F. 5¼ 95 XW	0⅛	99¾	100	10/2	11⅜	11.39
E E.C. 5 90	0⅛	99⅞	100⅛	5/1	10.19	10.19
Kansallis Osake 5½ 92	0⅛	100¼	100½	8/11	9⅛	9.09
Long Term Cred 5¼ 92	0⅛	99⅞	100⅛	27/11	9¾	9.75
J P Morgan 5¼ 97 §	0⅛	100⅜	101	12/11	10.81	10.72
New Zealand 5¼ 87	0⅛	100⅛	100⅜	7/10	10.06	10.03
NZ Steel Dev 5¼ 92	0¼	100	100½	22/12	10⅛	10.22
Nippon Credit 5¼ 90	0⅛	100½	100¾	18/2	11¼	11.18
Soc Generale 5¼ 90 XW	0⅛	89	90¼	9/11	9⅛	9.21
Société Générale 5¼ 95	0⅛	99⅜	99⅝	1/3	10.31	10.36
Sweden 5¼ 89	0⅛	100	100¼	26/2	10.19	10.18
Sweden 5¼ 93	0⅛	100⅜	100⅝	3/2	11.19	11.13

Av. price changes: on day 0, on week +⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	470	104	105½	-0⅛	5.43
Canon 7 97	7/82	748.2	228⅝	230⅝	-3⅞	15.15
Daiwa Sec Co 5½ 98	10/83	508	97½	98¾	-0⅛	1.80
Hitachi Cable 5⅛ 98	2/82	515	108½	109⅝	-0⅜	12.34
Honda Motor 5⅛ 98	6/83	584	99⅛	100⅛	-0¾	1.98
Honda Motor 5½ 97	3/82	750.6	115⅝	116⅝	+1⅛	1.66
Kumagai Gumi 6½ 97	10/82	400	119⅛	120⅝	+0⅛	1.19
Kyowa Hakko 6⅛ 97	2/83	762	116¼	117¼	-0½	12.28
Minebea Co Ltd. 5½ 98	5/83	667	128⅝	129⅞	-0¼	8.25
Mitsubishi Electric 5⅛ 98	6/83	396	110⅛	111⅛	-0¼	7.57
Nippon Electric 5⅛ 97	2/82	765.9	184⅛	185⅜	-0½	3.96
Nippon Oil Co 5½ 98	4/83	964	107¾	108¾	-0⅛	8.71
Nissan Motor 5¼ 98	4/83	778	90¾	91¾	-0½	-0.99
Olympus Optical 6¾ 97	12/82	1331	182⅛	183⅝	-0½	9.09
Orient Finance 5⅛ 97	3/82	927.2	91	92½	-1¼	10.35
Orient Leasing 5⅛ 98	6/83	2680	94¼	95¼	-0½	-2.94
Secom 5 98	11/83	2920	120⅞	122⅞	-0⅝	6.22
Sumitomo Electric 5½ 97	3/82	577.3	113⅛	114⅝	+3¾	3.89
Sumitomo Metal 5¼ 96	10/81	296.1	71	72½	+1⅜	35.28
Yamaichi Sec Co 5 98	8/83	472	94¼	95¾	-0¼	0.42
NEC Corp 3½ 93 SF	8/83	978	150	152	-0½	-2.80
Sanyo Electric 3½ 93 SF	5/83	501	106½	108½	-0½	16.05
Konishiroku 6¾ 88 DM	6/82	616	118⅝	119⅝	-0⅜	8.22
Mitsubishi Heavy 6 89 DM	2/82	263	110⅜	111⅜	+0⅝	8.28
Sum Realty 6¼ 92 DM	2/83	365	118¼	119¼	0	-2.50

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cr. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

COMPANY NOTICE

Gold Fields

Notice to Holders of Ordinary Share Warrants to Bearer

Final Dividend

Subject to approval of the proposed final dividend of 16p per share at the Annual General Meeting to be held at the Hotel Inter-Continental, 1 Hamilton Place, London, W.1., on Wednesday, 2 November 1983 at 11.30 a.m., the dividend will be paid on 14 November 1983 or at the expiration of six clear days after lodgment thereof, whichever is the later, to holders of Coupon No. 135 detached from Ordinary Share Warrants to Bearer.

Payment will be made:

in London at:
Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA.

in Paris at:
Lloyds Bank International (France) Limited, 43 Boulevard des Capucines, 75061 Paris, Cedex 02.

in Zurich at:
Union Bank of Switzerland, 45 Bahnhofstrasse, 8021 Zurich.

Consolidated Gold Fields PLC
49 Moorgate, London EC2R 6BQ

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